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ABSTRACT

The Federal Pell Grant Program provides grants to undergraduate students who have financial need and meet the other requirements for Federal Student Aid. Schools do not have to make decisions about who gets Pell funds or how much they receive. The Department of Education pays Pell funds to all eligible students, and formulas determine how much each student receives. Schools do have many responsibilities in administering the program, and these responsibilities are discussed in this publication. The chapters are: (1) "Student Eligibility"; (2) "Calculating the Federal Pell Grant"; (3) "Pell Reporting"; (4) "Disbursing Pell Awards"; and (5) "Recalculations and Overpayments." (SLD)

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Federal Pell Grant Program

2002-2003

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volume #3

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Federal Student Aid

Handbook

Volume 3 of 9

Application and Verification Guide

Student Loan Guide

Volume 1: Student Eligibility

Volume 2: Institutional Eligibility and Participation

Volume 3: Federal Pell Grant Program

Volume 4: Campus-Based Common Provisions

Volume 5: Perkins Loans

Volume 6: Federal Work-Study

Volume 7: FSEOG

Volume 8: Direct Loan and FFEL Programs

Volume 9: State Grant Programs

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Introduction

This volume describes how a school calculates and pays Pell awards to eligible students and how it reports those payments to the Department.

THE FEDERAL PELL GRANT PROGRAM

The Federal Pell Grant Program provides grants to undergraduate students who have financial need and meet the other requirements for FSA assistance (see the *FSA Handbook: Student Eligibility [Volume 1]*).[1] Unlike other programs such as the campus-based programs, schools don't have to make decisions about who receives Pell funds or how much they receive. The Department pays Pell funds to all eligible students, and formulas determine how much each student receives. Schools do have many responsibilities in administering the program, and those responsibilities are discussed in this publication.

Although the Department calculates the student's Expected Family Contribution (EFC) and performs certain eligibility matches, schools are responsible for ensuring that a student is eligible for any aid they disburse (see the *FSA Handbook: Student Eligibility [Volume 1]*). In Chapter 1 of this volume, we discuss Pell-specific student eligibility requirements that schools need to be aware of.

Pell Volume Overview

The Department provides formulas for calculating the amount of a Pell Grant award. These formulas, as well as other factors relating to award calculation, are discussed in Chapter 2 of this volume.A school must report Pell disbursements to FSA using the Common Origination and Disbursement (COD) system. This system and the reporting requirements are discussed in Chapter 3 of this volume. In Chapter 4 of this volume, we discuss the rules governing Pell disbursements to students. Finally, in Chapter 5 of this volume, we discuss handling changes after disbursement, such as recalculations and overpayments.

Other Information Sources

Throughout the year, the Department provides updates to schools in the form of "Dear Partner" Letters and Action Letters. These letters, as well as other information from the Department, such as *Federal*

1. Note that in certain limited cases, students in a postbaccalaureate program can receive Pell Grants; see Chapter 1 of this volume.

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Register notices, are available on the Information for Financial Aid Professionals (IFAP) web site at <http://ifap.ed.gov>. The Department also posts system updates and technical guidance announcements on the IFAP site.

The FSA Student Aid Internet Gateway website provides software, documentation, and system technical references for your reference and download. The website is located at: <http://www.sfadownload.ed.gov>

If you're looking for general Pell payment information, such as your school's current authorization level and the status of batches, or if you want to request specific Pell data or documents, you can contact Pell Customer Service at 1-800-4-PGRANT (1-800-474-7268). Your school's current authorization sometimes differs from the amount available to draw in GAPS. Schools may access GAPS info at the E-Grants on-line web page at <http://e-grants.ed.gov/egHome.asp>. In addition, there is a web page at <http://www.pellgrantsonline.ed.gov>, where you can check the current authorization and status of batches for the 2001-2002 award year. For the 2002-2003 award year and beyond, there will be a COD website beginning in late spring, 2002, at: <http://cod.sfa.ed.gov>. For specific questions about Pell, you can contact Customer Service at the number above or by e-mail at <pell.systems@ed.gov>.

The Department provides free software for packaging, tracking, calculation, and reporting Pell payments as part of EDExpress. EDExpress can be used as a stand alone financial aid database or in conjunction with a school's mainframe computer. Schools aren't required to use this software, but can instead develop their own or use software developed by someone else. For information on the operation of specific software, you should consult the documentation that comes with the software.

RECENT CHANGES

- The maximum annual award for 2002-2003 is $4,000. The EFC cutoff for Pell eligibility for a full time student has increased to 3,800. Copies of the Payment and Disbursement Schedules using this maximum award are included in Chapter 2 of this volume.

- Just-In-Time Funding is a pilot program being tested as an alternative to the Advance Funding method used by most schools. 71 schools will participate in the program in 2002-2003. Because only a few schools are participating in this pilot, the details of this program are not discussed in this volume. The pilot schools should refer to the specific materials they've received as part of the pilot program.

- The Common Origination and Disbursement System (COD) is now used in Pell reporting. This subject is covered in detail in Chapter 3.

Student Eligibility

CHAPTER 1

A school must ensure that each recipient meets the eligibility requirements for the Federal Pell Grant Program. In this chapter, we discuss Pell-specific eligibility requirements.

GENERAL FSA ELIGIBILITY REQUIREMENTS

To receive a Pell Grant, the student must meet the general eligibility requirements for FSA aid. These requirements are discussed in detail in Chapter 3 of the *FSA Handbook: Student Eligibility (Volume 1).*

PELL SPECIFIC REQUIREMENTS

Two Pell-specific eligibility requirements are that the student must either be an undergraduate or be enrolled in an eligible postbaccalaureate program, and not be incarcerated in a federal or state penal institution.

Undergraduate Student

Undergraduate Student Definition and Requirement Cite
34 CFR 690.2, 34 CFR 690.6, HEA Sec 401(c)

In general, a student must be an undergraduate to receive a Pell Grant (see "Eligible Postbaccalaureate Program" for an exception). For Pell purposes, the regulations define an undergraduate as one who is enrolled in an undergraduate course of study **and** who hasn't earned a baccalaureate degree or its equivalent or a first professional degree. ("Professional degree" means a degree offered by professional programs such as pharmacy, dentistry, or veterinary medicine.)

Length of undergraduate study

An undergraduate course of study under the Pell definition is one that usually doesn't exceed 4 academic years or is a program of 4 to 5 academic years designed to lead to a baccalaureate or first professional degree. If the program is longer than 5 years (for example, a 6-year pharmacy program), then students enrolled in that program are considered undergraduate students only for the first 4 academic years of the program.

Foreign or unaccredited degree

If a student's baccalaureate or professional degree is from an unaccredited or foreign school, or isn't accepted or recognized at the school of current enrollment, this is irrelevant, and they are ineligible for Pell Grant funds. Also, if a student makes an undoccumented claim of a degree on the FAFSA, they are likewise

Incorrect Reporting on FAFSA

When an undergraduate student incorrectly reports on the Free Application for Federal Student Aid (FAFSA) that he or she will be a graduate student or has a bachelor's degree, this information **must** be corrected. Because the application information shows that the student isn't an undergraduate, the Department's records will show that he or she is ineligible for Pell. If the application information isn't corrected, the school won't be able to award Pell funds from the Department for that student.

Eligible Postbaccalaureate Program and the FAFSA

34 CFR 690.6(c)

Normally, a student who indicates on the FAFSA that he or she has a bachelor's degree won't be listed in the Department's records as a Pell-eligible student, and the school won't be able to receive Pell funds for the student. However, in order to allow students who are eligible under the postbaccalaureate program provision to be paid, students who correctly report that they have a bachelor's degree but also indicate on the FAFSA that they're in a teaching credential program will be listed as Pell-eligible students. Of course, you must determine whether the student actually qualifies for the Pell under the eligible postbaccalaureate program provision.

Completing Bachelor's Requirements Without Receiving a Degree

Occasionally, a student will complete all the requirements for a bachelor's degree but will continue taking undergraduate courses without accepting the degree. The school must decide at what point it considers the student to have completed the baccalaureate course of study. If the school considers the student to have completed the baccalaureate course of study, the student is no longer eligible to receive a Pell Grant.

ineligible for Pell. However, in some cases, there may be written documentation that the baccalaureate degree from the foreign school is not equivalent to the baccalaureate degree awarded in the United States. In that event, the school in the United States may determine that the student does not have a baccalaureate degree. This documentation may include information about the type of institution and total years of education leading to the foreign degree.

Degrees below the baccalaureate level

A student who has already received an associate degree, but who enrolls in another undergraduate program, is considered an undergraduate student until he or she has completed the academic curriculum requirements for a first bachelor's degree. (This is true for **any** student who has received a certificate or diploma below the baccalaureate level.)

Eligible Postbaccalaureate Program

Certain students who have received a bachelor's degree can receive a Pell Grant when enrolled in postbaccalaureate teacher certification programs. This is a very limited exception to the requirement that a Pell Grant recipient must be an undergraduate student enrolled in an undergraduate program. Because of the restrictions that apply to this provision, only a limited number of programs exist where students will be eligible for Pell Grants.

An otherwise eligible student who has a bachelor's degree, and is enrolled in a postbaccalaureate teacher certification or licensure program, is eligible to receive a Pell Grant for the period of time necessary to complete the program only if:

- the program consists of the courses required by a state to receive a professional certification or licensing credential necessary for employment as a teacher in an elementary or secondary school in that state;
- the program does not lead to a graduate degree;
- the school offering the program does not also offer a bachelor's degree in education;
- the student is pursuing an initial teacher certification or licensing credential within a state;
- the student is enrolled at least half-time; and
- the program is a postbaccalaureate program.

Under this very limited provision, a postbaccalaureate program is defined as a program that generally requires a student to have a bachelor's degree before being admitted to the program. Accordingly, a program in which undergraduate students are routinely allowed to enroll would not meet the definition of a postbaccalaureate program

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for this purpose, nor would a program that is generally open to undergraduates but that also admits students with bachelor's degrees.

For FSA purposes, a school must treat a student who receives a Pell Grant under this provision as an undergraduate student enrolled in an undergraduate program. Note, however, that a student enrolled in a postbaccalaureate teacher certification or licensure program is not eligible for FSEOG funds. Also, if qualified for Pell funds under an eligible postbaccalaureate program, then the student is eligible for fifth year undergraduate, not graduate student, Stafford/Direct loan limits.

Financial Aid History

One of the general eligibility requirements is that the school must obtain a financial aid history for any student who attended another school showing how much FSA funding they have received. Chapter 3 of the *FSA Handbook: Student Eligibility (Volume 1)* discusses how a school gets a financial aid history.

Incarcerated Students

Students incarcerated in federal and state penal institutions aren't eligible for Pell Grants. However, students incarcerated in local penal institutions can still receive Pell Grants. Students incarcerated by jurisdictions defined as a state in the law (such as the District of Columbia) are considered to be incarcerated in a state penal institution and aren't eligible for Pell Grants. A student isn't considered incarcerated if he or she is in a halfway house or home detention, or sentenced to serve only on weekends.

Incarcerated Students and Pell Cite

HEA Sec. 401(b)(8), 34 CFR 668.32(c)(2)(ii), "Dear Colleague" Letter P-94-7

COA for Incarcerated Students Cite

HEA Sec. 472(6)

The costs of attendance for incarcerated students are limited to tuition and fees and those books and supplies specifically related to the student's course of study. For more information on the cost of attendance, see the *FSA Handbook: Student Eligibility (Volume 1)* and Chapter 2 of this volume.

SPECIAL PROGRAMS

Some programs, such as correspondence programs, have additional requirements, or other factors that need to be considered in awarding Pell Grants.

Correspondence Study

Students enrolled in correspondence courses are eligible for aid under FSA Programs only if the courses are part of a program leading to an associate, a bachelor's, or a graduate degree. Also, to be eligible, a correspondence program must meet the criteria for an eligible program (see the *FSA Handbook: Institutional Eligibility and Participation [Volume 2]*). In Chapter 2 of this volume, we discuss special provisions for calculating Pell Grants for correspondence programs.

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Foreign Study

A student can be paid a Pell Grant for study at a foreign school only if the coursework is taken as part of an eligible program at an eligible U.S. school. The foreign study arrangement must be covered by a written agreement between the two schools. Such an arrangement would have to meet the same requirements as a contractual agreement (see the discussion in the *FSA Handbook: Institutional Eligibility and Participation, [Volume 2], Chapter 9*). Students enrolled in study abroad programs with costs of attendance higher than those of the home school should have those costs reflected in the COA, which may result in a higher Pell award, not to exceed the Pell award maximum.

Workforce Investment Act (WIA) Programs

If a program conducted with funding provided through the Workforce Investment Act (previously called the Job Training Partnership Act, or JTPA) is offered by an eligible school and meets the definition of an eligible program in Volume 2 of the FSA Handbook, eligible students in that program can receive Pell assistance.

ESL as an Eligible Program Cite
34 CFR 668.8(j)

ESL as an Eligible Program

Schools may pay Pell Grants to students enrolled in English as a Second Language (ESL) programs if such programs consist solely of ESL coursework, meet the definition of an eligible program (see the *FSA Handbook: Institutional Eligibility and Participation [Volume 2]*), and enroll only undergraduate students who need the program to be able to use already existing knowledge, training, or skills. The school needs to request an eligibility determination for the program from FSA.

FINANCIAL NEED

To receive a Pell Grant, a student must have financial need. The Expected Family Contribution (EFC) formula is the standard formula used in determining financial need for FSA programs. The formula produces an EFC number.

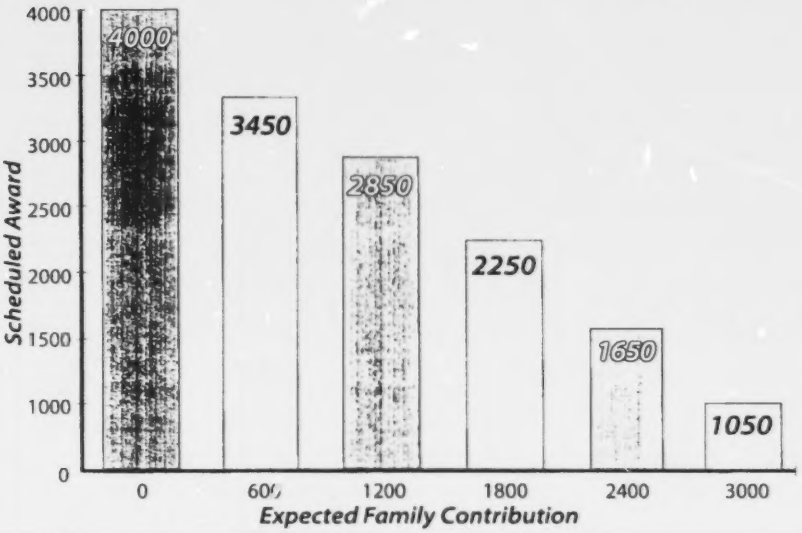
The lower the EFC, the greater the student's financial need. Thus, the neediest students will have an EFC of 0 and may be eligible for the maximum Pell award of $4,000 if their cost of attendance is high enough and if they will be attending full time for a full academic year.

As the EFC increases, the student's need is less and so the amount of the award decreases; after the maximum EFC of 3,800, eligibility for Pell funds becomes $0.

The EFC is computed by the Central Processing System (CPS) and is based on the information the student reported on the FAFSA. The EFC is included, along with the student's application information, on the student's output document (i.e. a SAR or ISIR). For more information on the EFC, see the *FSA Handbook, Student Eligibility (Volume 1)*.

Scheduled Awards Example

2002-2003 Scheduled Awards based on a cost of attendance of at least $4,000. As the EFC increases, the Scheduled Award decreases. ***Do not use this example to make awards.***



Religious Orders and Need

In most cases, if a student is a member of a religious order, he or she is eligible **only** for unsubsidized loans (see the FSA Handbook: Student Eligibility [Volume 1]).

Professional Judgment & Reporting Changes

The financial aid administrator, using professional judgment, can adjust one or more of the data elements used to calculate the EFC. Aid administrators cannot adjust the EFC formula. The FAA may also use professional judgment to adjust the student's COA. See the *FSA Handbook: Application and Verification Guide* for information on using professional judgment. Any change that would result in a change to the amount of the student's Pell award has to be reported back through the CPS for reprocessing.

DOCUMENTING THE STUDENT'S ELIGIBILITY FOR PAYMENT

To pay a student a Pell Grant, the school must have appropriate documentation of the student's eligibility. In particular, the school must have a valid output document for the student. A valid output document is one where all the information used to calculate the EFC is complete and accurate. The school must have received a valid output document containing an eligible nine-month EFC while the student is still enrolled and eligible. Once the school has received a valid output document, assuming all other eligibility requirements are met, the school must pay the student.

Output Documents

There are two types of output documents, Institutional Student Information Records (ISIRs) and Student Aid Reports (SARs). An ISIR is a computer-generated electronic record sent to a school by the CPS. The SAR is a paper document sent to the student by the CPS. These output documents (ISIRs and SARs) contain the student's

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application information, the EFC, and the results of the database matches. (See *The FSA Handbook: Application and Verification Guide, Chapter 1* for more information)

Valid Output Document Definitions Cite
34 CFR 690.2

The school isn't required to provide students with a copy of the ISIR it received from the CPS, even if the school sent in the student's application through the Electronic Data Exchange (EDE). All students receive a SAR with their information from the CPS. Students who apply through the mail or FAFSA on the Web receive a two-part SAR, called a SAR Information Acknowledgment. For purposes of documenting the student's eligibility for payment, the SAR Information Acknowledgment is the same as a two-part SAR: A school must pay an eligible student who submits either a valid two-part SAR or a valid SAR Information Acknowledgment.

Signature for Correction Cite
34 CFR 690.14(b), (c)

Signature Requirements

The student isn't required to sign an output document. Note that the student is still required to sign the statement on the FAFSA certifying that the information provided is correct. (See the *FSA Handbook: Application and Verification Guide, Chapter 2,* for more on signature requirements.)

Valid Output Document Requirement Cite
34 CFR 690.61(a)

Record Keeping

A school needs to keep the output document used to determine the student's eligibility (see the *FSA Handbook: Institutional Eligibility and Participation [Volume 2], Chapter 8,* for complete record keeping requirements). The school can store an ISIR in its electronic format, rather than printing and storing paper. Regulations require that you store the electronic record exactly as received from the C[illegible]

Recordkeeping Format Cite
34 CFR 668.24(d)(3)

Deadlines

Output Document Deadline Cite
34 CFR 690.61(b)

For the 2002-2003 award year, the school must receive the student's valid ISIR or SAR no later than the student's last day of enrollment, or September 2, 2003, whichever comes first. As mentioned above, the student must still be enrolled and eligible for payment at the time the school receives the output document. If the student leaves school or completes the program and the school doesn't have a valid output document, the student is not eligible for a Pell Grant. For the purpose of this deadline, the date the school received the ISIR is the processing date on the ISIR transaction.

Deadline Dates
Every year, the Department publishes a list of deadlines for the award year in the Federal Register. The 2002-2003 deadline notice will be published by August, 2002. It will be available on the IFAP web site at <http://www.ifap.ed.gov>

Verification extension

The deadline is extended for students being verified. This allows the student to submit a revised output document after the student's last day of enrollment. However, the school must have received some output document with an eligible EFC while the student was enrolled. For 2002-2003, a school can accept a student's revised output document up to **90 days after** the student's last day of enrollment, but the extension can't go beyond the September 2 deadline. Note that if a student submits a revised output document after his or her last day of enrollment, that output document can't be used to increase the amount of the Pell Grant the student receives, only to decrease it (see Chapter 5 of this volume for more information).

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Calculating the Federal Pell Grant

CHAPTER 2

In this chapter, we'll review the terminology of the Federal Pell Grant Program and the steps in calculating a Pell Grant award. These steps take into account the student's cost of attendance (COA) for the academic year, the student's enrollment status, the ability of the student and family to contribute to his or her education (EFC), the amount of the student's coursework taken in the award year, and the length of the student's enrollment during the academic year.

DEFINITIONS

There are some important terms we use in the rest of the Pell Volume. Some of these terms, such as award year, academic year, and standard or nonstandard terms, are also used for other FSA programs. Others, such as Scheduled Award and Annual Award, are only used for the Federal Pell Grant Program.

Pell Definitions Cite
34 CFR 690.2

Scheduled Award

A primary concept in the Federal Pell Grant Program is the "Scheduled Award," which is the amount a student receives during an academic year for a given cost of attendance (COA) and EFC, assuming the student is enrolled **full time** for a **full** academic year. Therefore, a student will receive less than a full Scheduled Award if he or she does not complete a full academic year in both weeks of instructional time and hours. The concept of the Scheduled Award is important because it limits the student to a maximum payment for an award year. The Scheduled Award can't be exceeded, even if the student transfers to another school or attends for a period longer than one academic year during the award year (for example, by attending a summer session).

Scheduled Award Examples
Edmund has a COA of $6,000 for a full academic year and a nine-month EFC of 0. His Scheduled Award is $4,000 (the maximum for 2002-2003). However, if he attends two semesters as a half-time student in a semester based program, he'll actually receive a total of $2000 as an annual award, which is half the Scheduled Award. Or, if he starts attending full time in the spring, thus only completing half of an academic year in 2002-2003, he'll receive no more than half of a Scheduled Award.

Annual Award

The annual award is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA. Note that for a full-time student, the annual award will be the same as the Scheduled Award.

Annual Award Example
A half-time student with an EFC of 0 and a COA of $10,000 will have a Scheduled Award of $4,000, and an annual award of $2,000. If the student was enrolled less-than-half time, the annual award would be $1000. A school might use different annual awards for a student during one award year if the student's enrollment status changes during the year.

Award Year

The award year begins on July 1 of one year and ends on June 30 of the next year. For example, the 2002-2003 award year begins July 1, 2002, and ends June 30, 2003. A student can't be paid more than one scheduled award during an award year. The regulations provide that students may theoretically receive up to a second Scheduled Award during a single award year when announced in the *Federal Register* by the Department. This announcement occurs when Congress makes funds available specifically for this purpose.

Multiple Award Cite
HEA Sec. 401(A)(6), 34 CFR 690.67

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Academic Year

Your school must define the academic year for each program of study; once it has defined the academic year for that program, it must use that definition for all FSA purposes. The law and regulations provide minimum requirements for an academic year. A school's defined academic year must contain at least 30 weeks of instructional time during which a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at a school measuring program length in credit hours, or at least 900 clock hours at a school measuring program length in clock hours. Schools can apply for a waiver of the 30 week minimum.

Calendar weeks vs. Weeks of instructional time

Note that for the Pell award calculations, your school will need to determine how many weeks of instructional time are in the program and academic year, or in each term if your school uses terms. In some cases, the weeks of instructional time won't be the same as the number of calendar weeks. Chapter 2 of the *FSA Handbook: Institutional Eligibility and Participation (Volume 2)* explains how to determine weeks of instructional time. A school should be careful not to use calendar weeks when it should be using weeks of instructional time.

Different academic year for different programs

A school can define an academic year differently for different programs of study. For instance, it can set an academic year of 900 clock hours and 30 weeks of instructional time in one program and 1,200 clock hours and 40 weeks of instructional time in another. Your school can even use a different academic year for an evening program, and for a day version of the same program, as long as each academic year meets the minimum requirements for an academic year. If your school establishes separate versions of a program, with different academic years, but allows individual students to take courses from both versions, your school must be able to determine which program the student is actually enrolled in.

Standard Term and Nonstandard Term

Generally, if all the coursework can be completed within a specific time frame, the program can be considered term-based. Term-based programs can have either standard terms or nonstandard terms. Pell Grants are calculated differently for the two types of terms.

Standard terms

Standard terms are semesters, trimesters, or quarters, as these words are traditionally used. In traditional usage, an individual semester or trimester provides about 15 weeks of instructional time and full time is defined as at least 12 semester or trimester hours. The program's academic calendar generally consists of three terms, one each in fall, spring, and summer. In traditional usage of the term "quarter," an individual quarter provides about 10 to 12 weeks of instructional time, and full time is defined as at least 12 quarter hours.

The program's academic calendar generally includes three quarters in the fall, winter, and spring and often a summer quarter as well.

Nonstandard terms

Any term that isn't one of the standard terms described above is a nonstandard term. Nonstandard term has sometimes been used to refer only to terms of unequal length, but under this definition terms of equal length can be nonstandard terms.

CHOOSING A FORMULA

Choosing a Formula Cite
34 CFR 690.63

The regulations specify five different formulas for calculating Pell Grants; the formula your school uses depends on the type of program. However, each formula has the same basic steps, which we'll discuss in this chapter. Once your school chooses a formula, your school must use the same formula for all students in the same program of study for the entire award year.

Credit-Hour Term-Based Programs

A school can use **Formula 3** to calculate Pell Grants for any credit-hour, term-based program, except for correspondence programs (see "Correspondence Programs" in this chapter). However, if the program meets certain requirements, Formula 1 or 2 can be used instead. If the program meets the requirements for more than one formula, your school can choose which formula to use.

Criteria for Formula 1 or 2

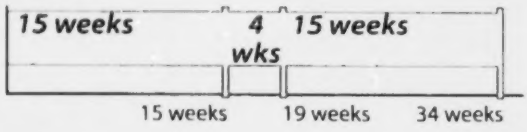
To qualify for Formula 1 or 2, the program must:

- measure progress in credit hours;
- be offered in semesters, trimesters, or quarters (standard terms);
- use an academic calendar that includes two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring);
- not have overlapping terms;
- define full-time enrollment for each term in the award year as at least 12 credit hours; and
- for Formula 1, provide at least 30 weeks of instructional time in the fall through spring terms. If it doesn't provide this minimum amount of instructional time, Formula 2 would apply.

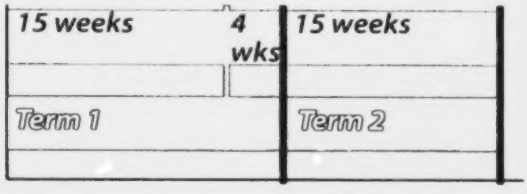
Note that in both cases your school may decide to use Formula 3.

Combining Terms Example

In addition to programs using standard semesters, Hart University offers a separate degree program in education with a short 4-week term between two 15-week terms. The terms don't overlap.



Hart has defined the academic year for this program as 24 semester hours and 34 weeks of instructional time. Hart could combine the short term with one of the standard terms and calculate Pell Grants using Formula 1 (assuming that full-time enrollment is at least 12 semester hours per term):



Hart can also choose not to combine the terms. In this case, the program would have a nonstandard term (the 4-week term) and therefore wouldn't qualify for Formula 1. Hart would then be required to use Formula 3 to calculate Pell Grants for students in this program.

Combining terms

A school can combine terms to allow a program to qualify for Formula 1 or 2. For example, a school with several summer terms for which full-time enrollment is less than 12 credit hours can combine these terms into a single term for which full-time enrollment is at least 12 credit hours so that Pell Grants for students in the program can be calculated under Formula 1. A school can also combine a short term with a semester in order to have two semesters as required for Formulas 1 and 2.

Calendar changes

Because the academic calendar for a program must fall within specific limits for your school to be able to use Formula 1 or 2, if the calendar for the program changes, your school needs to check again to see if it can still use Formula 1 or 2 for the program.

Clock-Hour or Nonterm Programs (Formula 4)

All clock-hour programs and nonterm credit-hour programs must use Formula 4, unless they're correspondence programs.

Correspondence Programs (Formula 5)

Formula 5 is used for students enrolled only in correspondence courses (not including residential components of correspondence programs). There are two versions of Formula 5: Version A (which is

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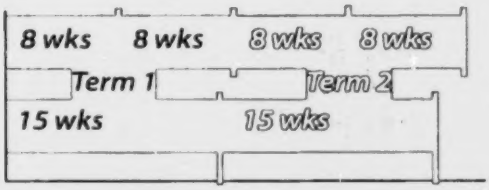
Calendar Change Example

Hart University decides to expand one of the programs it offers in standard semesters by also offering the coursework in four terms, each consisting of eight weeks of instructional time. Previously, Hart could calculate Pell Grants for students in the program using Formula 1. Suppose Hart combines two terms of eight weeks of instructional time with each semester, so the program still has two terms. The school now must use Formula 3, because the terms overlap:



The school must use Formula 3 even for students enrolled only in the semesters, because the program as a whole no longer qualifies for Formula 1. The school may instead consider the program offered in 8-week terms to be a separate program, in which case it can still calculate Pells for students enrolled in the semester program using Formula 1. Hart would then calculate Pells for students enrolled in the four-term program using Formula 3. However, if Hart allows a student to enroll in both types of terms, it must have some way of determining which program the student is actually enrolled in.

similar to Formula 4) is used for nonterm programs, and Version B (which is similar to Formula 3) is used for term-based programs. For a residential component of a correspondence program, your school must use either Formula 3 or Formula 4. If the residential component is a term, your school uses Formula 3; otherwise, it uses Formula 4.

Step 1: Determine Enrollment Status

Formula 1, 2, and 3
Full time, three-quarter time, half time, less than half time
Formula 4
At least half time or less than half time
Formula 5A
Enrollment status is never more than half time
Formula 5B
Enrollment status can only be half time or less than half time

DETERMINING ENROLLMENT STATUS

The student's enrollment status is based on the number of credit or clock hours for which the student enrolls. It determines which cost components are used to calculate the student's Cost of Attendance (COA) and, for some programs, establishes which Payment or Disbursement Schedule is used to determine the student's annual award.

Definition of Full-Time Enrollment Cite
34 CFR 668.2

Half-time Enrollment Limit Cite
34 CFR 690.2

For credit-hour programs with terms, your school must determine whether the student is enrolled full time, three-quarter time, half time, or less than half time. This allows your school to determine which

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Enrollment Status Minimum Requirements

Standard Term, Credit-Hour Programs[1]

Full time	12 credit hours per term[2]
Three-quarter time	9 credit hours per term[2]
Half time	6 credit hours per term[2]
Less than half time	Less than half the workload of the minimum full-time requirement

Clock-Hour Programs or Nonstandard-Term or Nonterm Credit-Hour Programs

Full time	24 semester hours, 24 trimester hours, or 36 quarter hours per academic year, or prorated equivalent for program of less than an academic year or 24 clock hours per week
Less than half time	Less than half the workload of the minimum full-time requirement

1 For standard term-based programs, if a school's financial aid office establishes full-time status as greater than 12 credit hours, the financial aid office may still define a three-quarter-time enrollment status as 9 credit hours and a half-time enrollment status as 6 credit hours.
2 The school must use appropriate credit hours for the term, for example, semester hours for semesters, quarter hours for quarters.

Payment or Disbursement Schedule it needs to use, and to calculate the correct COA. For clock-hour programs and for credit-hour programs without terms, your school only needs to determine if the student is enrolled at least half time or less than half time, so that it can calculate the COA correctly.

Enrollment Status for Nonstandard Terms Cite
34 CFR 690.63(d)(1)(ii)

Enrollment Status Standards

A school defines full-time enrollment, but your school's definition must meet the minimum regulatory requirements (see the *FSA Handbook: Student Eligibility [Volume 1]* for a general discussion of enrollment status). Note that your school's academic standard may differ from the enrollment standard used by the financial aid office for FSA purposes. For example, your school may define full time as six hours during the summer; however, the financial aid office uses 12 hours as full time for all terms including the summer term. Your school must apply its standards consistently to all students enrolled in the same program of study for all FSA purposes.

Enrollment status for nonstandard terms

If a school's academic calendar contains nonstandard terms, your school must determine the student's enrollment status for each nonstandard term according to the formula in the regulations. To determine enrollment status for a nonstandard term, your school must first determine the number of credit hours required for full-time enrollment status using the following formula:

$$\text{Credit hours in academic year} \times \frac{\text{weeks of instructional time in nonstandard term}}{\text{weeks of instructional time in program's definition of academic year}}$$

If the resulting number isn't a whole number, it is rounded up to the next whole number. After your school has determined the number of credit hours required for full-time enrollment, your school

Fractions
When using fractions, be careful to multiply first, and then divide to avoid an incorrect result. For example, to calculate the following:

$$2{,}130 \times \frac{300}{900}$$

you should use this method:

Step 1: 2,130 X 300 = 639,000
Step 2: 639,000 / 900 = 710

In this case, if you divide the fraction to get a decimal (300/900 =.333333...) and then round the decimal either down (.33) or up (.34), your calculation will result in a number that's too low (703) or too high (724).

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Nonstandard Term Examples

Anner enrolls in a two year program at Bylsma Conservatory. Bylsma Conservatory's academic calendar consists of four terms, each of which provides 8 weeks of instructional time. The school has defined the academic year for Anner's program as 40 quarter hours and 32 weeks of instructional time. Anner enrolls for 6 quarter hours in the first term and 10 quarter hours in the remaining three terms.

Bylsma determines the number of credit hours required for full-time enrollment in the term as follows:

$$40 \text{ quarter hours} \times \frac{8 \text{ weeks instructional time in term}}{32 \text{ weeks instructional time in academic year}} = 10 \text{ quarter hours}$$

Therefore, a student must complete 10 quarter hours each term to be a full-time student. For the first term, Bylsma must determine Anner's enrollment status as follows:

6 quarter hours / 10 quarter hours = .6

Because .6 is less than three-quarters (.75) but more than one-half (.5), Anner's enrollment status in the first term is half time. Anner is enrolled full time (10 hours) in the remaining terms.

Owen enrolls in the education program at Hart University that has a short 4-week term between two 15-week terms. Hart doesn't combine the 4-week term with one of the longer terms for purposes of the Pell calculation. The academic year for the program is 34 weeks of instructional time and 24 semester hours. Owen enrolls for 6 hours in the first and third terms and 3 hours in the second term.

Hart must determine the number of credit hours required for full-time enrollment in the first and third term as follows:

$$24 \text{ semester hours} \times \frac{15 \text{ weeks instructional time in term}}{34 \text{ weeks instructional time in academic year}} = 10.59$$

A student must enroll in 11 semester hours (rounded up from 10.58) in the first and third terms to be full time. The requirement for full-time enrollment for the second term is determined as follows:

$$24 \text{ semester hours} \times \frac{4 \text{ weeks instructional time in term}}{34 \text{ weeks instructional time in academic year}} = 2.82$$

A student must enroll in 3 semester hours (rounded up from 2.82) in the second term to be full time.

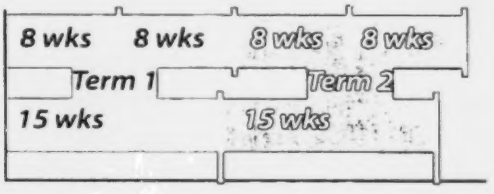
Note that Owen is enrolled full-time in the second term. To determine Owen's enrollment status for the other two terms, the school must compare the number of hours he's enrolled with the number required for full-time enrollment:

6 semester hours / 11 semester hours = .55

Because .54 is less than three-quarters (.75) and greater than one-half (.5), Owen is enrolled half time in the first and third terms.

Combined Term Example

Eddy enrolls in a program that Hart University offers in both 15-week semesters and 8-week terms. Hart combined two 8-week terms to make each semester; each of the combined terms provides 16 weeks of instructional time:



Hart continues to define the academic year for Eddy's program as 24 semester hours and 30 weeks of instructional time, as it did before adding the 8-week terms. In addition, because the combined terms can still be considered semesters, the requirement for full-time enrollment in each term is 12 semester hours.

In the first term, Eddy enrolls for 4 semester hours in the 15-week component of the term and 3 semester hours in each of the 8-week components. Therefore, he's enrolled for a total of 10 semester hours in the first term, and his enrollment status is three-quarter time. In the second term, he enrolls for 12 semester hours in the 15-week component, and no hours in either of the 8-week components. Because he's enrolled for 12 semester hours total in this second term, his enrollment status for the second term is full time.

---

can then determine the less-than-full-time status for the nonstandard term using the following formula:

$$\frac{\text{Credit hours student takes in the nonstandard term}}{\text{Credit hours required for full-time enrollment in the nonstandard term}}$$

The resulting fraction is then matched with the appropriate less-than-full-time status classification. The fraction must equal or exceed the enrollment status classification. For example, two-thirds would correspond to a half-time enrollment status.

Combined Terms

If your school combines two or more terms into a single term for purposes of the Pell calculation, the student's enrollment status is based on the combined number of hours in which the student is enrolled for all the component terms of the combined term. Note that if the student later doesn't begin attendance in one of the parts of the combined term, your school must recalculate the student's award (see Chapter 5 for more on recalculations).

Special Programs

There are additional considerations in determining enrollment status for some special programs, such as correspondence programs.

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Enrollment Status for Enrollment in Correspondence and Regular Coursework

Regular Work	Correspondence Work	Adjusted Total Course Load	Enrollment Status
3	3	6	Half time
3	6	6	Half time
3	9	6	Half time
6	3	9	Three-quarter time
6	6	12	Full time
2	6	6	Half time

This chart assumes that the school defines full-time enrollment as 12 credit hours per term, making half-time enrollment 6 credit hours per term. As you can see in the second and third examples, the number of correspondence hours counted in the total course load was adjusted so that the correspondence hours never exceeded the regular hours taken. Note that in the last example, the student is eligible for payment based on half-time enrollment in correspondence courses, despite the fact that the student only took 2 credit hours of regular coursework.

Correspondence study

Students enrolled in programs of correspondence study are considered to be no more than half-time students, even if they're enrolled in enough coursework to be full time. However, if the correspondence study is combined with regular coursework, the student's enrollment status might be more than half time.

Enrollment Status for Term Correspondence Cite
34 CFR 690.66(c)(2)

A student enrolled only in a nonterm correspondence program is always enrolled half time. For a student enrolled in a term correspondence program, your school must determine whether the student is enrolled half time (6 or more credit hours in a term) or less than half time (less than 6 credit hours in a term). Special rules are used to determine the student's enrollment status when the student is enrolled in a combination of regular and correspondence coursework.

Correspondence Study Combined With Regular Study Cite
34 CFR 690.8

Correspondence study combined with regular study

If correspondence coursework is combined with regular coursework, the correspondence courses must meet the following criteria to be included in the student's enrollment status:

- The courses must apply toward the student's degree or certificate or must be remedial work to help the student in his or her course of study.
- The courses must be completed during the period required for the student's regular coursework.

When combining the number of credit hours of correspondence work with the number of credit hours of regular coursework to determine the student's enrollment status for a Pell Grant, the amount of correspondence work counted can't be more than the number of credit hours of regular coursework in which the student is enrolled. However, if the student is taking at least a half-time load of correspondence courses, the student would be paid as at least a half-time student, regardless of the credit hours of regular coursework.

Consortium Different Units Example

Chris is taking 6 semester hours at Hart University, the home institution, and 9 quarter hours at Sarven Technical Institute. To determine his enrollment status, Hart needs to convert the hours at Sarven into semester hours. Because a quarter hour is about two-thirds of a semester hour, Hart multiplies the number of quarter hours by two-thirds:

9 quarter hours X 2/3 = 6 semester hours

Then the hours taken at both schools can be added together:

6 semester hrs. at Hart
+ 6 semester hrs. at Sarven
12 semester hours

Linda is also taking 6 semester hours at Hart University and 9 quarter hours at Sarven Technical Institute, but her home institution is Sarven Technical Institute. Because Sarven is paying her, it needs to convert the semester hours taken at Hart into quarter hours:

6 semester hours X 3/2 = 9 quarter hours

Then, the hours taken at both schools can be added together:

9 quarter hrs. at Sarven
+9 quarter hrs. at Hart
18 quarter hours

A student will be paid as a less-than-half-time student for any combination of regular and correspondence work that is less than 6 credit hours.

Enrollment status under consortium agreement

The enrollment status of a student attending more than one school under a consortium agreement is based on all the courses taken that apply to the degree or certificate at the home institution. The disbursing school may have to make some adjustments if the coursework at the different schools is measured in different units (See sidebar example).

Enrollment status for cooperative education

In a cooperative education program, your school assesses the work to be performed by the student and determines the equivalent academic course load. The student's enrollment status is based on the equivalent academic course load.

Remedial coursework

A noncredit remedial course is one for which your school allows no credit toward a degree or certificate. A reduced-credit course is one for which your school gives some credit toward the degree or certificate, but not as much as would normally be given based on the workload required by the course. When figuring enrollment status, your school must include any reduced-credit or noncredit remedial coursework designed to increase the student's ability to pursue his or her program of study. The *FSA Handbook: Student Eligibility (Volume 1)* explains how to include these courses in enrollment status, as well as the limits on the amount of remedial coursework that can be included.

Enrollment Status Change During Year

If a student's enrollment status changes during the year, your school may have to recalculate the student's Pell Grant payment based on the new enrollment status. Chapter 5 of this volume explains when a school is required to recalculate due to a change in enrollment status.

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Step 2: Calculate Pell COA

Formula 1

Full time, full academic year costs

Formula 2

Full time, full academic year costs

Costs for fall through spring terms prorated. If fall through spring terms provide the same number of credit hours as are in the academic year definition, prorated COA is the same as nonprorated COA.

Formulas 3 and 4

Full time, full academic year costs

Costs for program or enrollment period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Formulas 5A and 5B

Full time, full academic year costs (for applicable components)

Costs for program or enrollment period not equal to academic year prorated according to the following formula:

- For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which the costs apply}}$$

Hours and Weeks of Instructional Time to Which the Costs Apply

To determine COA in Formulas 3, 4 and 5, the COA is multiplied by the lesser of two fractions: the hours in the program's definition of an academic year divided by "hours to which the costs apply" and weeks of instructional time in the program's definition of an academic year divided by "weeks of instructional time in the enrollment period to which the costs apply." The "to which the costs apply" parts of these fractions are adjustments necessary for programs longer or shorter than an academic year in length. The costs for such a program may be incurred at a single point in time, but schools must prorate these costs for the academic year COA by using these fractions.

Proration of Average Tuition and Fees Example

Isabella is enrolled for 3 semester hours at Hart University and for 9 semester hours at Woodhouse College. The full-time tuition and fees charge for an academic year at Hart is $4,000, while the full-time charge at Woodhouse is $6,600. To figure Isabella's tuition and fees charge, Woodhouse multiplies each of these average charges by the number of credits she is taking at each school, divided by the total number of credits she's taking:

$4,000 × $\frac{3}{12}$ = $1,000 Prorated charge at Hart

$6,600 × $\frac{9}{12}$ = $4,950 Prorated charge at Woodhouse

Woodhouse then adds the two prorated charges to determine the tuition and fees charge to include in Isabella's COA:

$1,000 + $4,950 = $5,950

CALCULATING THE COST OF ATTENDANCE

The components used to calculate a student's Pell COA are the same as those used to calculate the COA for the other FSA Programs. (See the *FSA Handbook: Student Eligibility [Volume 1]* for a list of these components.) However, unlike the other programs, the Pell COA is always based on costs for a **full-time student for a full academic year**. For Pell, costs for programs or enrollment periods longer or shorter than an academic year must be prorated so that they are the costs for one full academic year.[5] This is true for both parts of the academic year definition, the number of weeks and the number of clock/credit hours: If the program or period of enrollment differs from the defined academic year in either part, the costs must be prorated to determine the Pell COA.

Less than Half Time

If the student is enrolled less than half time, your school can only include in the Pell COA those cost components allowable for less-than-half-time enrollment. (See the *FSA Handbook: Student Eligibility [Volume 1]* for more information, and for other restrictions on COA components.) However, the amount included in each of the allowable cost components is based on the amount for a full-time student for a full year.

5. Note that in many cases prorating the COA won't affect the amount of Pell Grant the student receives. However, the school must enter accurate amounts when reporting disbursements (see Chapter 3 of this volume for more detail on Pell reporting).

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COA Proration Required Examples

Woodhouse College provides 28 weeks of instructional time in its two semesters. The COA it uses for most FSA programs is based on the costs for those 28 weeks. However, the academic year definition is 30 weeks of instructional time. Because the costs are for less than an academic year, Woodhouse needs to prorate the amount up to get the Pell COA.

Sarven Technical Institute has a 1000 clock hour program, but the academic year definition for the program is only 900 clock hours. The COA it uses for most FSA programs is based on the costs for the entire 1000 clock hours. Because the costs are for more than an academic year, Sarven needs to prorate the amount down to get the Pell COA.

Actual or Average Costs

While schools can choose to determine actual costs for individual students, most schools prefer to determine the COA by using an average cost for a group of similar students in the same category. (For example, a school may have different charges for different academic programs or different charges for in-state vs. out-of-state students.) Chapter 10 of the *FSA Handbook: Student Eligibility (Volume 1)* has a brief discussion about using average costs.

A school using actual charges has to be careful that the COA is still for a **full-time** student. If costs for a part-time student are different from those for a full-time student, your school can prorate the part-time student's actual costs to determine the full-time, full-year COA.

Consortium COA

A student receiving a Pell Grant for attendance at two schools through a consortium agreement may have costs from both schools at the same time. The student's COA is calculated in the same way as for a student taking classes at only one school. The student's tuition and fees and books and supplies charges at the consortium schools have to be combined into a single charge for a full academic year for purposes of the Pell calculation. The school paying the student can choose to use actual charges for the student, which would simply be the sum of the actual charges at both schools. Of course, if the student isn't attending full time, your school will have to prorate these tuition and fees and books and supplies charges so that they are the correct amounts for a full-time student.

Prorating average charges at each school

If the disbursing school is using average charges, then the average full-time charges at each of the schools must be prorated and combined. If the student is taking an equal course load at each school, the full-time tuition and fees charges for an academic year at each school can be averaged to determine the tuition and fee cost. However, if the student is taking an unequal course load, the disbursing school must prorate the charges based on the number of hours the student is taking at each school.

Co-op COA Example

Kerr has a co-op job for the first quarter of the academic year and pays a $50 fee and no tuition. The $50 fee can be projected for each of the three quarters in the academic year for a total tuition and fees amount of $150.

Costs for a Cooperative Education Program

If a student has a co-op job for the first term, the tuition and fees for that period can be projected over a full academic year (of at least 30 weeks of instructional time). This projected amount is then added to the other COA components to arrive at the total cost for a full-time student for a full year.

For the rest of the year, your school can either use the COA with the projected amount or can recalculate the student's tuition and fees at the end of the first term to determine a new COA for the remaining payment periods. This decision must be consistent with your school's overall policy on recalculating for changes in a student's costs. (See Chapter 5 of this volume for more information.) Note that the COA can also include employment-related expenses (see the *FSA Handbook: Volume 1: Student Eligibility*).

Tuition and Fees Charges for WIA Programs

Students in some Workforce Investment Act (WIA) programs (formerly JTPA programs) aren't charged for tuition and fees. A school can include a tuition and fees charge in the COA for a Pell

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COA Proration Examples

Woodhouse College has fall and spring semesters, each of which provides 14 weeks of instructional time. Thus, the two semesters provide 28 weeks of instructional time. Woodhouse has defined the academic year as 24 semester hours and 30 weeks of instructional time. The average cost for a full-time student attending both semesters is $13,210.

Because the two semesters don't provide a full 30 weeks of instructional time, the cost for a full-time student to attend both semesters must be prorated to determine a full academic year COA.

Woodhouse compares the two fractions:

$$\frac{\text{24 semester hours in academic year definition}}{\text{24 semester hours in fall through spring terms}}$$

$$\frac{\text{30 weeks instructional time in academic year definition}}{\text{28 weeks instructional time in fall through spring terms}}$$

Because the credit hour fraction (24/24) is the lesser of the two, it would be used to prorate the cost; because it's equal to 1, the Pell COA for the program is the same as the non-prorated COA: $13,210.

Sarven Technical Institute has a program that is 40 weeks of instructional time, during which the student completes 1000 clock hours. Sarven has defined the academic year for the program as 900 clock hours and 30 weeks of instructional time. The average cost for the entire program is $5,900.

Because this cost is for more than an academic year, Sarven must determine the cost for an academic year by prorating the full cost. The school compares the two fractions:

$$\frac{\text{900 clock hours in academic year definition}}{\text{1000 clock hours in program}}$$

$$\frac{\text{30 weeks instructional time in academic year definition}}{\text{40 weeks instructional time in program}}$$

Of the two fractions, the smaller is the weeks fraction (30/40). Sarven multiplies the full cost by this fraction:

$$\$5{,}900 \times \frac{\text{30 weeks instructional time in academic year definition}}{\text{40 weeks instructional time in program}} = \$4{,}425.$$

Therefore, the Pell COA for this program is $4,425.

Grant recipient only if that charge is actually made to the student and is paid either by the student or by some type of student financial assistance (such as WIA). The existence of such a tuition and fees charge must be documented in the same way as for any non-WIA student—for instance, in your school's contract with the student or in the agreement with the WIA agency. (If your school charges the student for tuition and fees, your school would have to expect the student to pay the charge if the WIA agency or other source of assistance doesn't pay on the student's behalf.)

If your school doesn't actually charge the student for tuition and fees (either because it's prohibited from doing so under the WIA contract, or for other reasons), then no tuition and fees component

Less than Half Time COA Components

For students who are less than half time, COA can include only:

- tuition and fees;
- an allowance for books and supplies;
- transportation (but not miscellaneous expenses); and
- an allowance for dependent care expenses.

Less-Than-Half-Time Student COA Proration Example

Martha is enrolled at Sarven Technical Institute as a less-than-half-time student in a 650 clock hour program that is 28 weeks of instructional time. Sarven defines the academic year for the program as 900 clock hours and 30 weeks of instructional time. The average costs for the entire program are as follows:

Tuition and Fees	$1,800
Room and Board	2,500
Books and Supplies	100
Transportation	100
Miscellaneous Expenses	200
TOTAL	$4,700

Because the program is shorter than an academic year in length, the costs for the program must be prorated to determine the costs for a full academic year. Also, because Martha is attending less than half time, the COA can't include all components. The cost using only the components allowed for a less-than-half-time student (tuition and fees, books and supplies, and transportation) is $2,000. Sarven compares the two fractions:

$$\frac{\text{900 clock hours in academic year definition}}{\text{650 clock hours in program}}$$

$$\frac{\text{30 weeks instructional time in academic year definition}}{\text{28 weeks instructional time in program}}$$

Of the two fractions, the smaller is 30/28.

Sarven multiplies the full cost (using only the components allowed for a less-than-half-time student) by this fraction:

$$\$2{,}000 \times \frac{\text{30 weeks instructional time in academic year}}{\text{28 weeks instructional time in program}} = \$2{,}143$$

Therefore, Martha's Pell COA is $2,143.

would exist for the Pell COA. Even if there's no tuition and fees component, the student's COA still includes the other components described in the *FSA Handbook: Student Eligibility (Volume 1)*. Note that a school that doesn't include tuition and fees in the COA may need to use the Alternate Schedule in determining the student's annual award (see "Tuition Sensitivity and the Alternate Schedule," in this chapter).

WIA reimbursement contracts

Some WIA contracts operate on a reimbursement basis; that is, the student must fulfill the terms of the contract before WIA will reimburse the school for tuition and fee costs. If the student doesn't fulfill the terms of the contract, the school is left with an unpaid tuition and fees charge. The school isn't permitted to hold the student liable for the unpaid tuition and fees. Contracts are established this way to offer schools an incentive to properly train and place students enrolled in the training programs. However, as noted above, if a tuition and fees charge is included in a Pell Grant recipient's COA, the student would be liable for any outstanding charges that are not reimbursed by WIA. Therefore, schools that enter into reimbursement contracts **must remove the tuition and fees component** from the Pell COA because, under these contracts, schools are prohibited from holding the student liable for outstanding charges.

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Prorating the COA

Schools can choose between two proration methods. A school can either prorate the entire cost using one fraction, or split the COA into credit/clock hour costs and week costs, and prorate the two types of costs separately. A school can use whichever method it prefers.

Single fraction method

To prorate the COA by one fraction, your school must compare two fractions and multiply the COA by the lesser of the two. There's one fraction for each component of the academic year definition. One fraction is calculated by dividing the number of credit or clock hours in the program's academic year by the hours to which the costs apply; the other, by dividing the number of weeks in the program's academic year by the weeks for which the costs apply:

$$\frac{\text{Credit/clock hours in program's definition of academic year}}{\text{Credit/clock hours to which costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time to which costs apply}}$$

The COA is multiplied by the lesser of these two fractions to determine the student's Pell COA. This Pell COA must be used when determining the amount of the student's annual award. In some cases the prorated COA calculated by this method will be the same as the original, non-prorated COA: If for one of the components of the academic year the program or period of enrollment for which costs apply is the same as the academic year, one of the fractions will be equal to one.

Split proration method

As mentioned earlier, your school can split the COA into two parts and prorate the two parts separately, if it chooses. Your school multiplies costs associated with credit or clock hours (tuition and fees, books and supplies, loan fees) by the credit or clock hour fraction (hours in the academic year definition divided by hours to which costs apply), and multiplies costs associated with weeks of instructional time (room and board, miscellaneous expenses, disability expenses, transportation, dependent care, study abroad, reasonable costs associated with employment as part of a cooperative education program) by the week fraction (weeks in the academic year definition divided by weeks to which costs apply). The student's Pell COA is the sum of the two types of prorated costs.

Correspondence Programs

The COA for correspondence programs is limited to tuition and fees, and in certain cases, books and supplies. Traditionally, books and supplies have been included as part of the correspondence program's tuition. If books and supplies are not included in the program's tuition, they may be counted as costs, for either a residential or nonresidential period of enrollment. As always, the COA must be based on the costs for a full-time student for a full academic year. If the student's program or period of enrollment, as

measured in credit hours, is longer or shorter than an academic year as measured in credit hours, the tuition and fees for the program or enrollment period must be prorated. Because the correspondence study COA for the nonresidential component only includes costs associated with credit hours, your school always uses the credit hour-related fraction to prorate the COA as follows (because there are no costs associated with weeks of instructional time in the correspondence COA, your school has to prorate the cost only if the number of hours in the program is shorter or longer than in an academic year):

$$\frac{\text{Credit hours in program's definition of an academic year}}{\text{Credit hours to which the costs apply}}$$

The resulting amount is the full-time, full-academic-year cost used for calculating Pell Grant eligibility. When there is a residential portion in a correspondence student's program, Formula 3 or 4 (whichever applies) is used to calculate the student's payment for a payment period for a residential portion. Refer to Formula 3 or 4 guidelines, including COA determinations, for this circumstance.

Correspondence Multiple Formulas Exception

If a correspondence student has one or more payment periods in an award year that contain only correspondence study and one or more payment periods in the same award year that contain a residential portion, your school would use two different formulas for determining a student's payment for each payment period. This instance is the only one in which a school would use two different Pell formulas within the same award year for students in the same program.

Step 3: Determine Annual Award

Formula 1, 2, and 3

If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Formula 4

Always taken from full-time Payment Schedule (equal to Scheduled Award)

Formula 5A

Always taken from half-time Disbursement Schedule

Formula 5B

The annual award is taken from the appropriate part-time Disbursement Schedule (half time or less than half time)

DETERMINING THE ANNUAL AWARD

Once your school has figured the student's COA, it can use the appropriate Payment Schedule to look up the student's annual award see definition of annual award in Ch 2 of this vol). For students in credit-hour, term-based programs, your look up the annual award on the full-time Payment Schedule, or the three-quarter-time, half-time, or less-than-half-time schedule, depending on the student's enrollment status. For students enrolled in clock-hour or nonterm credit-hour programs, the annual award is always determined from the full-time schedule, even if the student is attending less than half time. **Schools do not have the discretion to refuse to pay an eligible part-time student.**

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Federal Pell Grant Program

Regular Payment Schedule for Determining
Full-Time Scheduled Awards in the 2002-2003 Award Period
January 2002

Full Time

| Cost of Attendance | Expected Family Contribution | | |

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Federal Pell Grant Program

Regular Disbursement Schedule for Determining
Three-Quarter-Time Annual Awards in the 2002-2003 Award Period
January 2002

3/4 Time

| Cost of Attendance | Expected Family Contribution | | |

Federal Pell Grant Program

Regular Disbursement Schedule for Determining
Half-Time Annual Awards in the 2002-2003 Award Period
January 2002

1/2 Time

| Cost of Attendance | Expected Family Contribution | | |

< 1/2 Time

Federal Pell Grant Program

Regular Disbursement Schedule for Determining
Less-Than-Half-Time Annual Awards in the 2002-2003 Award Period
January 2002

| Cost of Attendance | Expected Family Contribution | | |

Alternate Federal Pell Grant Schedules for Students with Low Assessed Tuition for the 2002-2003 Award Year

The following alternate schedules must be used to calculate Federal Pell Grant amounts in very specific situations involving students with low tuition charges. Use the appropriate schedule below, based on the student's enrollment status, only if **ALL** the following are true; otherwise use the regular payment and disbursement schedules:

- The student's tuition plus any dependent care or disability related expenses is **less than $650; AND**
- The student's Expected Family Contribution (EFC) is **600 or less AND**
- The student's total cost of attendance is **$3,400 or higher**

Important: When calculating the amount of tuition, schools that only charged fees in lieu of tuition as of October 1, 1988 must consider such fees as tuition for purposes of these tables.

Full-Time

Cost of Attendance	Tuition plus Dependent Care and/or Disability Expense, if any	EFC 0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600
		Pell Grant is:						
3400 - 3499	0 - 3350		3350	3300	3200	3100	3000	2900
	1 - 216	3450	3400	3300	3200	3100	3000	2900
	217 - 433	3450	3400	3300	3200	3100	3000	2900
	434 - 649	3450	3400	3300	3200	3100	3000	2900
	650 or more	3450	3400	3300	3200	3100	3000	2900
3500 - 3599	0	3350	3350	3350	3300	3200	3100	3000
	1 - 216	3458	3458	3400	3300	3200	3100	3000
	217 - 433	3550	3500	3400	3300	3200	3100	3000
	434 - 649	3550	3500	3400	3300	3200	3100	3000
	650 or more	3550	3500	3400	3300	3200	3100	3000
3600 - 3699	0 - 3350		3350	3350	3350	3300	3200	3100
	1 - 216	3458	3458	3458	3400	3300	3200	3100
	217 - 433	3650	3600	3500	3400	3300	3200	3100
	434 - 649	3650	3600	3500	3400	3300	3200	3100
	650 or more	3650	3600	3500	3400	3300	3200	3100
3700 - 3799	0	3350	3350	3350	3350	3350	3300	3200
	1 - 216	3458	3458	3458	3458	3400	3300	3200
	217 - 433	3674	3674	3600	3500	3400	3300	3200
	434 - 649	3750	3700	3600	3500	3400	3300	3200
	650 or more	3750	3700	3600	3500	3400	3300	3200
3800 - 3899	0 - 3350		3350	3350	3350	3350	3350	3300
	1 - 216	3458	3458	3458	3458	3458	3400	3300
	217 - 433	3674	3674	3674	3600	3500	3400	3300
	434 - 649	3850	3800	3700	3600	3500	3400	3300
	650 or more	3850	3800	3700	3600	3500	3400	3300
3900 - 3999	0 - 3350		3350	3350	3350	3350	3350	3350
	1 - 216	3458	3458	3458	3458	3458	3458	3400
	217 - 433	3674	3674	3674	3674	3600	3500	3400
	434 - 649	3892	3892	3800	3700	3600	3500	3400
	650 or more	3950	3900	3800	3700	3600	3500	3400
4000 or more	0 - 3350		3350	3350	3350	3350	3350	3350
	1 - 216	3458	3458	3458	3458	3458	3458	3450
	217 - 433	3674	3674	3674	3674	3650	3550	3450
	434 - 649	3892	3892	3850	3750	3650	3550	3450
	650 or more	4000	3950	3850	3750	3650	3550	3450

Three-Quarter-Time

Cost of Attendance	Tuition plus Dependent Care and/or Disability Expense, if any	EFC 0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600
		Pell Grant is:						
3400 - 3499	0 - 2513		2513	2475	2400	2325	2250	2175
	1 - 216	2588	2550	2475	2400	2325	2250	2175
	217 - 433	2588	2550	2475	2400	2325	2250	2175
	434 - 649	2588	2550	2475	2400	2325	2250	2175
	650 or more	2588	2550	2475	2400	2325	2250	2175
3500 - 3599	0	2513	2513	2513	2475	2400	2325	2250
	1 - 216	2594	2594	2550	2475	2400	2325	2250
	217 - 433	2663	2625	2550	2475	2400	2325	2250
	434 - 649	2663	2625	2550	2475	2400	2325	2250
	650 or more	2663	2625	2550	2475	2400	2325	2250
3600 - 3699	0 - 2513		2513	2513	2513	2475	2400	2325
	1 - 216	2594	2594	2594	2550	2475	2400	2325
	217 - 433	2738	2700	2625	2550	2475	2400	2325
	434 - 649	2738	2700	2625	2550	2475	2400	2325
	650 or more	2738	2700	2625	2550	2475	2400	2325
3700 - 3799	0	2513	2513	2513	2513	2513	2475	2400
	1 - 216	2594	2594	2594	2594	2550	2475	2400
	217 - 433	2756	2756	2700	2625	2550	2475	2400
	434 - 649	2813	2775	2700	2625	2550	2475	2400
	650 or more	2813	2775	2700	2625	2550	2475	2400
3800 - 3899	0 - 2513		2513	2513	2513	2513	2513	2475
	1 - 216	2594	2594	2594	2594	2594	2550	2475
	217 - 433	2756	2756	2756	2700	2625	2550	2475
	434 - 649	2888	2850	2775	2700	2625	2550	2475
	650 or more	2888	2850	2775	2700	2625	2550	2475
3900 - 3999	0 - 2513		2513	2513	2513	2513	2513	2513
	1 - 216	2594	2594	2594	2594	2594	2594	2550
	217 - 433	2756	2756	2756	2756	2700	2625	2550
	434 - 649	2919	2919	2850	2775	2700	2625	2550
	650 or more	2963	2925	2850	2775	2700	2625	2550
4000 or more	0 - 2513		2513	2513	2513	2513	2513	2513
	1 - 216	2594	2594	2594	2594	2594	2594	2588
	217 - 433	2756	2756	2756	2756	2738	2663	2588
	434 - 649	2919	2919	2888	2813	2738	2663	2588
	650 or more	3000	2963	2888	2813	2738	2663	2588

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Alternate Federal Pell Grant Schedules for Students with Low Assessed Tuition for the 2002-2003 Award Year

The following alternate schedules must be used to calculate Federal Pell Grant amounts in very specific situations involving students with low tuition charges. Use the appropriate schedule below, based on the student's enrollment status, only if **ALL** the following are true; otherwise use the regular payment and disbursement schedules:

The student's tuition plus any dependent care or disability related expenses is **less than $650; AND**
The student's Expected Family Contribution (EFC) is **600 or less AND**
The student's total cost of attendance is **$3,400 or higher**

Important: When calculating the amount of tuition, schools that only charged fees in lieu of tuition as of October 1, 1988 must report such fees as tuition for purposes of these tables.

Half-Time

Cost of Attendance	Tuition plus Dependent Care and/or Disability Expense, if any	EFC 0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600
		Pell Grant is:						
3400 - 3499	0	1675	1675	1650	1600	1550	1500	1450
	1 - 216	1725	1700	1650	1600	1550	1500	1450
	217 - 433	1725	1700	1650	1600	1550	1500	1450
	434 - 649	1725	1700	1650	1600	1550	1500	1450
	650 or more	1725	1700	1650	1600	1550	1500	1450
3500 - 3599	0	1675	1675	1675	1650	1600	1550	1500
	1 - 216	1729	1729	1700	1650	1600	1550	1500
	217 - 433	1775	1750	1700	1650	1600	1550	1500
	434 - 649	1775	1750	1700	1650	1600	1550	1500
	650 or more	1775	1750	1700	1650	1600	1550	1500
3600 - 3699	0	1675	1675	1675	1675	1650	1600	1550
	1 - 216	1729	1729	1729	1700	1650	1600	1550
	217 - 433	1825	1800	1750	1700	1650	1600	1550
	434 - 649	1825	1800	1750	1700	1650	1600	1550
	650 or more	1825	1800	1750	1700	1650	1600	1550
3700 - 3799	0	1675	1675	1675	1675	1675	1650	1600
	1 - 216	1729	1729	1729	1729	1700	1650	1600
	217 - 433	1837	1837	1800	1750	1700	1650	1600
	434 - 649	1875	1850	1800	1750	1700	1650	1600
	650 or more	1875	1850	1800	1750	1700	1650	1600
3800 - 3899	0	1675	1675	1675	1675	1675	1675	1650
	1 - 216	1729	1729	1729	1729	1729	1700	1650
	217 - 433	1837	1837	1837	1800	1750	1700	1650
	434 - 649	1925	1900	1850	1800	1750	1700	1650
	650 or more	1925	1900	1850	1800	1750	1700	1650
3900 - 3999	0	1675	1675	1675	1675	1675	1675	1675
	1 - 216	1729	1729	1729	1729	1729	1729	1700
	217 - 433	1837	1837	1837	1837	1800	1750	1700
	434 - 649	1946	1946	1900	1850	1800	1750	1700
	650 or more	1975	1950	1900	1850	1800	1750	1700
4000 or more	0	1675	1675	1675	1675	1675	1675	1675
	1 - 216	1729	1729	1729	1729	1729	1729	1725
	217 - 433	1837	1837	1837	1837	1825	1775	1725
	434 - 649	1946	1946	1925	1875	1825	1775	1725
	650 or more	2000	1975	1925	1875	1825	1775	1725

Less than Half-Time

Cost of Attendance	Tuition plus Dependent Care and/or Disability Expense, if any	EFC 0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	501 To 600
		Pell Grant is:						
3400 - 3499	0	838	838	825	800	775	750	725
	1 - 216	863	850	825	800	775	750	725
	217 - 433	863	850	825	800	775	750	725
	434 - 649	863	850	825	800	775	750	725
	650 or more	863	850	825	800	775	750	725
3500 - 3599	0	838	838	838	825	800	775	750
	1 - 216	865	865	850	825	800	775	750
	217 - 433	888	875	850	825	800	775	750
	434 - 649	888	875	850	825	800	775	750
	650 or more	888	875	850	825	800	775	750
3600 - 3699	0	838	838	838	838	825	800	775
	1 - 216	865	865	865	850	825	800	775
	217 - 433	913	900	875	850	825	800	775
	434 - 649	913	900	875	850	825	800	775
	650 or more	913	900	875	850	825	800	775
3700 - 3799	0	838	838	838	838	838	825	800
	1 - 216	865	865	865	865	850	825	800
	217 - 433	919	919	900	875	850	825	800
	434 - 649	938	925	900	875	850	825	800
	650 or more	938	925	900	875	850	825	800
3800 - 3899	0	838	838	838	838	838	838	825
	1 - 216	865	865	865	865	865	850	825
	217 - 433	919	919	919	900	875	850	825
	434 - 649	963	950	925	900	875	850	825
	650 or more	963	950	925	900	875	850	825
3900 - 3999	0	838	838	838	838	838	838	838
	1 - 216	865	865	865	865	865	865	850
	217 - 433	919	919	919	919	900	875	850
	434 - 649	973	973	950	925	900	875	850
	650 or more	988	975	950	925	900	875	850
4000 or more	0	838	838	838	838	838	838	838
	1 - 216	865	865	865	865	865	865	863
	217 - 433	919	919	919	919	913	888	863
	434 - 649	973	973	963	938	913	888	863
	650 or more	1000	988	963	938	913	888	863

Tuition Sensitivity and the Alternate Schedule

The law provides for a part of the student's Pell award to be tuition sensitive. The Higher Education Amendments of 1998 modified this as of the 1999-2000 award year, to only apply to the amount of the award above $2,700. These amendments also added dependent care or disability-related expenses to tuition to be used in determining the tuition sensitive portion of the award. In addition, the law now specifically provides that schools that charged only fees in lieu of tuition as of October 1, 1998, can count those fees as tuition for this calculation. The maximum scheduled Pell award under the tuition sensitivity provision is the sum of $2,700 plus 1/2 the difference between $2,700 and the maximum grant, plus the lesser of the remaining one half of the difference or the amount of the student's tuition plus an allowance determined by the institution as described in sections 472(8) and 472(9) of the HEA for dependant care and/or disability expenses. The Payment and Disbursement Schedules show which groups of students are affected and include an Alternate Schedule for schools to use for these students.

Tuition Sensitivity Cite

Sec. 401(b)(3), "Dear Colleague" Letter P-02-01

Correspondence Programs

The annual award for a student in a nonterm correspondence program is always taken from the half-time Disbursement Schedule because a correspondence student can't receive more than half a Scheduled Award. For a student in a term correspondence program, the annual award is determined from the half-time Disbursement Schedule or the less-than-half-time Disbursement Schedule, as appropriate.

Students who Require Alternate Schedule

- EFC is 600 or less;
- COA is $3,400 or higher; and tuition plus dependent care or disability expenses is less than $650

Alternate Schedule Example

Kerr's tuition charge for the year is $150, and he has no dependent care or disability expenses. His EFC is 0, and his COA is $4,000. Therefore, Sarven Technical Institute needs to use the Alternate Schedule to determine Kerr's annual award. He's enrolled full time; the Alternate Schedule for full-time students shows that his annual award is $3,458.

Correspondence Annual Award Cite

34 CFR 690.66(a)(1), (c)(2)

Step 4: Determine Payment Periods

Formulas 1, 2, and 3

Payment period is the academic term.

Formula 4

Length of payment period measured in credit or clock hours

Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

Formula 5A

Length of payment period measured in credit hours

First payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever is later.)

Second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of lessons or otherwise completed 75% of the work scheduled, whichever is later.)

Formula 5B

Payment period is the academic term

Payment for the payment period may be made only after the student has completed 50% of lessons or otherwise completed 50% of the work scheduled for the term, whichever is later.

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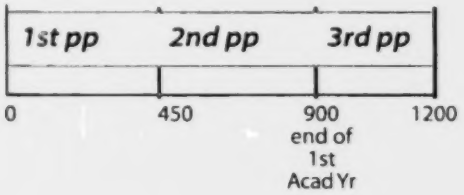
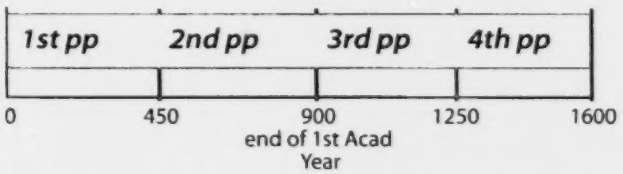
Program Longer than AY Examples

Marta is enrolled in a 1,200-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Marta's program of study is longer than one academic year, the payment periods in the first year are based on the length of the academic year (in clock hours). Each of these payment periods is 450 clock hours (half the academic year). After the first year, only 300 clock hours remain. Because 300 hours is less than half the academic year, the remaining 300 clock hours constitute the third and final payment period.



Fred is enrolled in a 1,600-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Fred's program of study is longer than one academic year, the payment periods in the first year are half the academic year in clock hours, 450 clock hours. After the first year, only 700 clock hours remain. Because 700 hours is more than half the academic year, Fred has two payment periods in the final year. Each of the payment periods consists of one-half of the remaining hours in the program, or 350 hours each.



Rounding

Previously, schools were required to round to the nearest dollar when making disbursements. However, the Common Origination and Disbursement System (COD) accepts cents in payment amounts. **Schools are not required to round disbursements, but can if they choose.** Your school's policy of rounding must be applied consistantly to all students. See Chapter 3 of this volume for more on the COD reporting requirements. Note that COD has very specific format requirements for payment amounts.

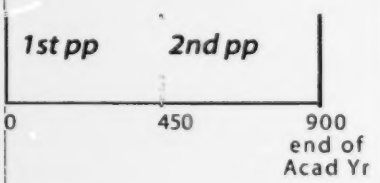
When rounding disbursements, round up if the decimal is .50 or higher; round down if it's less than .50. For instance, if a calculation results in a payment of $516.66, round up to $517. If the calculation result is $516.33, round down to $516.

For a student who is expected to be enrolled for more than one payment period in the award year, a school rounding disbursements would have to alternate rounding up and rounding down to ensure that the student receives the correct amount for the year. For example, if a student had a Scheduled Award of $1,025 to be paid in two payment periods, the first payment would be $513 (rounded up from $512.50), and the second payment would be $512 (rounded down to ensure that the student isn't overpaid for the year).

The same principle applies when there are three or more payment periods in the award year. For instance, if the student has a Scheduled Award of $1,100 and enrolls at a school using quarter terms, the payment for each term would come to $366.66. If the school is rounding disbursements, the first two payments would be rounded up to $367, and the last payment would be rounded down to $366 to reach the total of $1,100.

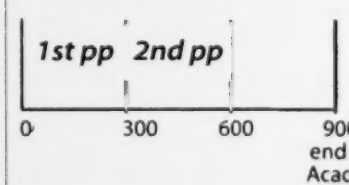
Program Less Than Acad Yr Example

Laurel is enrolled in a 600-clock-hour program. Your school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Laurel's program is shorter than an academic year, the two payment periods would be based on the length of her program (in clock hours). Each payment period is one-half the program, or 300 clock hours.



Program Equal to AcadYr Example

Eric is enrolled in a 900-clock-hour program. Your school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Eric's program is equal to an academic year, the two payment periods are based on the length of the academic year (in clock hours). Each payment period is half an academic year, or 450 clock hours.



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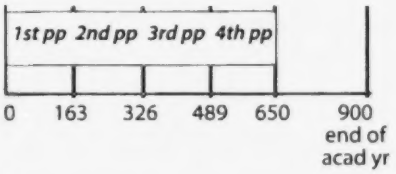
More Frequent Payment Periods Example

Sarven Technical Institute decides to have four payment periods for the 650-clock-hour program in which Martha is enrolled. Sarven can determine the number of clock hours in the payment periods by dividing the number of hours in the program by the number of payment periods.

650 / 4 = 162.5

The first three payment periods will each be 163 clock hours. The last payment period will have only 161 clock hours (the hours remaining in the program after the first three payment periods).



Because Martha is enrolled for only 10 clock hours a week, her second payment period won't begin until after she's in the 17th week (it will take her that long to complete 163 hours).

More Frequent Payment Periods Cite

34 CFR 668.4(b)(4)

DETERMINING THE PAYMENT PERIODS

The program's academic year (AY) must be divided into payment periods. Pell Grants must be paid in installments over the academic year to help meet the student's cost in each payment period. The payment period determines when Pell funds are disbursed and the exact amount to be disbursed.

Credit-Hour Term Programs

For credit-hour term programs, the payment period is the term. The payment period for a **clock-hour** term program isn't a term. Instead, clock-hour term programs are treated exactly like nonterm programs.

Nonterm or Clock-Hour Programs

For credit-hour nonterm programs and all clock-hour programs, your school must define, in writing, the payment periods as measured in clock or credit hours for each program. The regulations require at least two equal payment periods for programs that are shorter than or equal to an academic year or at least two equal payment periods in each full academic year for programs longer than an academic year.

Nonterm or Clock-Hour Payment Period Cite

34 CFR 668.4(b)

Less than an academic year

If the program of study is shorter than an academic year, each payment period is half the credit or clock hours in the program.

Equal to an academic year

If the program of study is equal to an academic year, each payment period is half the credit or clock hours in the academic year.

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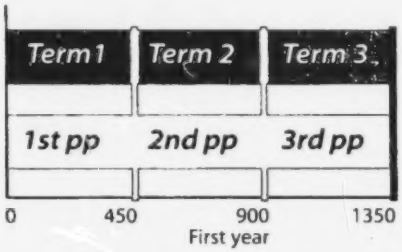
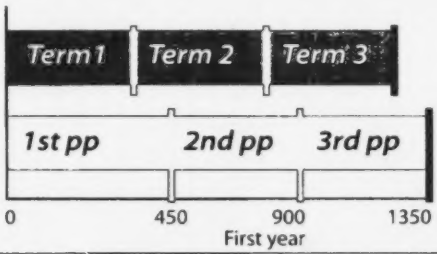
Terms with Clock Hours Example

Eileen enrolls in a 1,350-clock-hour program at Ivers Community College. The program is offered in three terms, each of which is 15 weeks of instructional time. The academic year for this program is 900 clock hours and 30 weeks of instructional time. Each payment period has 450 clock hours. Eileen enrolls for 450 clock hours in each term in the 2002-



2003 award year. Eileen completes only 400 clock hours in the first term. She won't receive her second payment until she completes the remaining 50 hours from the first term in the second term. The second and third payment periods will still be 450 clock hours, and won't line up with the terms:



Longer than an academic year

If the program of study is longer than an academic year, each payment period in each full academic year is half the credit or clock hours in the academic year. If the number of hours remaining in the final year is **less** than half an academic year, the final payment period is the period of time in which the student completes the remaining hours. If the number of hours remaining in the final year is **more** than half an academic year, each payment period in the final year is the period in which the student completes half the remaining hours in the **program**.

More frequent payment periods

A school can establish more frequent payment periods for its programs of study. For example, a school may choose to use monthly payment periods. The payment periods must be equal in number of credit or clock hours, except that a final payment period for a program can be shorter than the other payment periods.

End of payment period

For clock-hour programs and nonterm credit-hour programs, the payment period ends when the student has completed all the credit or clock hours in the payment period. Because the length of a payment period is based on credit or clock hours, part-time students will take more calendar time than full-time students to complete each payment period. However, as we'll discuss in "Calculating the Payment for a

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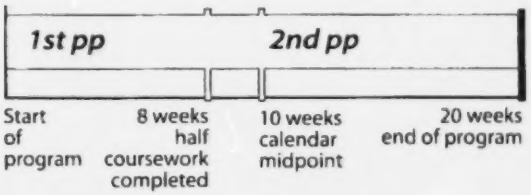
Credits at End of Program Example

Sarven Technical Institute doesn't award credit to a student in the nonterm 24-quarter-hour program in which Allen is enrolled until the student completes the entire program. Because the program is shorter than an academic year, it must have at least two equal payment periods. Each payment period will be 12 quarter hours.

Because Allen won't be awarded 12 quarter hours before he finishes the program, Sarven adjusts the beginning of the second payment period. The program is 20 calendar weeks in length; the calendar midpoint between the first and last day of enrollment is at the beginning of the 11th calendar week. Sarven considers that Allen has completed half the academic coursework (although he hasn't been awarded any credit hours) by the end of the 8th calendar week.
Sarven may pay Allen for the second payment period at the beginning of the 11th calendar week because this is the later of the two points.



Payment Period," the number of weeks of instructional time that is used in the formula to calculate the payment for the payment period is the same for full-time and part-time students.

Credits not awarded until later in program

Because the end of a payment period is based on when the student completes the hours in the payment period, there can be a problem if the credits aren't awarded until some time after the student completes the actual coursework. For example, a school may award the student credits only after the student has completed the entire program. In such cases, you must still determine the payment periods as usual, but can adjust the beginning of the second payment period to account for the student being halfway or more through the year or program without having earned half the credits. The second payment period begins at **the later of:**

- the calendar midpoint between the first and last day of class or
- the point at which your school considers that the student has completed half of the academic coursework for the year or program.

Credits not Awarded until End of Program Cite

34 CFR 668.4(b)(3)

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Excused Absences Cite
34 CFR 668.164(b)(3)

Excused Absences Example
Ivers Community College has a written policy (in accordance with its accrediting agency guidelines) that allows a student to miss up to 50 hours of a 900-clock-hour program. Brendan is enrolled in this program, and misses 20 of his first 450 hours. Because these are excused absences, Ivers can pay Brendan at the same time as it would if he'd completed all the hours when scheduled. Note that although the accrediting agency guidelines in this case allow a student to miss up to 50 hours of the entire program, Ivers couldn't excuse more than 45 hours (10% of the hours) of the payment period.

Excused absences

A school with a clock-hour program can take into consideration "excused absences" in determining whether a student has completed the hours in a payment period. Your school must have a written policy permitting excused absences, and the absences must actually be excused—that is, the student won't be required to make up the absences to receive the degree or certificate for the program. You can't allow the excused absences to exceed 10% of the clock hours in the payment period (or less as required by accrediting agency or state agency policies).

Terms with clock hours

The payment periods for clock-hour term programs are determined in the same way as for nonterm clock-hour programs. The student must complete all the clock hours in the payment period before receiving any more Pell funds. If a student doesn't complete all the hours scheduled for a term, each payment period still contains the number of clock hours originally scheduled, even if this means that none of the student's succeeding payment periods coincide with the terms.

Correspondence Programs

Nonterm programs

Nonterm Correspondence Payment Periods Cite
34 CFR 690.66(b)

For a non-term correspondence program, there must be two equal payment periods in each academic year. Each payment period is the lesser of half the academic year or half the program (measured in credit hours).

Term Correspondence Payment Periods Cite
34 CFR 690.66(c)(4)

In addition, you can't disburse a Pell payment for the first payment period until the student has completed 25% of the work in the academic year or the program, whichever is shorter. It can't make the second payment until the student has completed 75% of the work in the academic year or program.

Term programs

For a term correspondence program, as for other term-based programs, the payment period is the term. However, you can't disburse the Pell for a payment period until the student has completed 50% of the lessons or completes 50% of the work for the term, whichever is later.

Residential training

If the correspondence program has a required period of residential training, you must treat the residential training as an additional payment period and determine the payment for that payment period using either Formula 3 or Formula 4. Note that the correspondence portion of the program is still treated as a separate portion of the program that's divided into two equal payment periods.

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Step 5: Calculate Payment for a Payment Period

Formula 1

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

OR

For alternate calculation

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

Formula 2

Proration required unless alternate calculation is used

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in fall through spring terms}}{\text{Weeks of instructional time in program's academic year definition}} \div \begin{matrix}\text{2 (if semesters or trimesters)} \\ \textbf{OR} \\ \text{3 (if quarters)}\end{matrix}$$

OR

For alternate calculation:

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

Formula 3 and 5B

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

Formula 4

Annual award is multiplied by two fractions:

(1) Annual award times the least of

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in } \textbf{program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in } \textbf{academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) The results of (1) are then multiplied by

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

Formula 5A

Annual award is multiplied by two fractions:

(1) Annual award times the least of

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in } \textbf{program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in } \textbf{academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

1 (One)

(2) The results of (1) are then multiplied by

$$\frac{\text{Credit hours in payment period}}{\text{Credit hours in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

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Formula 1 Calculation Cite
34 CFR 690.63(b)(3)

Formula 1 Example
Helen enrolls full time in Hart University in a degree program offered in semesters. Hart University can use Formula 1 to calculate Pell Grants for students in this program. Helen enrolls in both semesters in the 2002-2003 award year, and her EFC is 752. The Pell COA is $8,170.

Based on a COA of $8,170 and an EFC of 752, the full-time Payment Schedule shows that Helen is eligible for an annual award of $3,250.

To calculate Helen's payment for the semester, Hart divides the annual award by the number of terms:

$3,250 ÷ 2 = $1,625

Therefore, Helen's payment for each semester is $1,625; she'll receive the full annual award of $3,250 if she actually attends full time both semesters.

Formula 2 Calculation Cite
34 CFR 690.63(c)

Formula 2 Example
Emma enrolls full time in Woodhouse College, which has two semesters, each comprised of 14 weeks of instructional time. Woodhouse College defines the academic year for Emma's program as 24 semester hours and 30 weeks of instructional time, and uses Formula 2 to calculate Pell Grants for students in this program. Emma's EFC is 745, and the Pell COA for the program is $13,210. The full-time Payment Schedule shows that Emma is eligible for an annual award of $3,250.

Because the two terms provide less than 30 weeks of instructional time, the annual award must be prorated:

CALCULATING THE PAYMENT FOR A PAYMENT PERIOD

Once you have determined the payment period, you can determine how much of the annual award the student will receive for that payment period. A student can receive a Pell payment only for those terms, or payment periods, in which the student is enrolled. For some students, the total disbursements for all payment periods within the award year will equal the amount of the Scheduled Award. However, students who attend for less than an academic year (in either clock credit hours or weeks of instructional time) won't receive a full Scheduled Award. This may occur if the student enrolls for only part of the year or attends part time, or if the program is less than an academic year in length. These enrollment variations are taken into account in the calculation of the student's payment for the payment period. The five calculation formulas discussed in this chapter account for these variations differently.

Formula 1

For a program using Formula 1, a student will attend less than an academic year only if he or she enrolls part time or doesn't enroll in all terms. The adjustment for part-time enrollment is made in determining the annual award (by using the appropriate part-time Disbursement Schedules). The adjustment for a student not enrolling in all terms is made by dividing the annual award evenly between the terms. If the student doesn't enroll in a term, he or she won't receive that part of the award. Therefore, to determine the payment for a payment period, divide the annual award by the number of payment periods in the program's definition of the academic year (two for semesters or trimesters, three for quarters). If your school has a summer term, you may wish to use an alternate calculation that spreads the award over the summer term as well.

Formula 2

For a program using Formula 2, a student will attend less than an academic year in credit hours only if he or she enrolls part time or doesn't enroll in all terms (fall through spring) in the academic year. As in Formula 1, the adjustment for part-time enrollment is made in determining the annual award (by looking up the award on the appropriate schedule). Because the fall through spring terms provide fewer than 30 weeks of instructional time, you must always adjust for less than an academic year in weeks by prorating the annual award:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in fall through spring terms}}{\text{weeks of instructional time in program's academic year definition}}$$

Then, to adjust for students not attending all terms, the award is divided evenly between terms. To determine the payment for one payment period, divide the **prorated** annual award by the number of terms in the year (two for semesters or trimesters, three for quarters). If your school has a summer term, it can use the alternate calculation to distribute the award over all terms (see "Summer Terms" in this chapter).

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Formula 3

Under Formula 3, you also adjust for less than an academic year by using enrollment status in determining the annual award and by distributing the award over terms. Because the program may use uneven nonstandard terms, the award can't simply be divided evenly among the terms. Instead, you must multiply the annual award by a fraction representing the proportion of an academic year the payment period contains. This procedure adjusts for the period of enrollment that's less than an academic year either because the student misses a term or because the terms provide less than an academic year of instruction. To calculate a student's payment for a payment period, you use the following formula:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in the term}}{\text{weeks of instructional time in program's academic year definition}}$$

If the resulting amount is more than 50% of the annual award, your school must make the payment in at least two disbursements in that payment period. A single disbursement for a payment period can never be more than 50% of the annual award. You may not disburse an amount that exceeds 50% of the annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50% of the weeks of instructional time in the program's academic year definition.

Formula 3 Examples

Example 1 (nonstandard, short terms)

Aanar is enrolled in a two-year program at Bylsma Conservatory. Bylsma's academic calendar consists of four terms, each providing 8 weeks of instructional time. The school defines the academic year for Aanar's program as 40 quarter hours and 32 weeks of instructional time. Because this program does not use standard terms (semesters, trimesters, or quarters), the school must use Formula 3 to calculate Pell Grant payments for students in this program. Aanar attends all four terms for 10 quarter hours each term in the 2002-2003 award year. His EFC is 323 and his Pell COA for the academic year is $11,140.

Determining Enrollment Status and Cost of Attendance

Because the program has nonstandard terms, Bylsma must determine the number of credit hours required for full time enrollment in each term, as follows:

$$40 \text{ Quarter Hours} \times \frac{\text{8 weeks instructional time in the term}}{\text{32 weeks instructional time in the academic year definition}} = 10 \text{ quarter hours}$$

Aanar is enrolled for 10 hours each term, therefore his enrollment status is full-time for each term. Because Bylsma charges students in this program by the academic year, there is no proration of costs.

Determining Annual Award and Payment Period

Based on a COA of $11,140 and an EFC of $323, the full-time payment schedule shows that Aanar's annual award for 2002-2003 is $3,650. Because this is a term-based, credit-hour program, the payment period is the term.

$$\$3{,}250 \times \frac{\text{28 weeks instructional time in fall through spring terms}}{\text{30 weeks instructional time in academic year of definition}} = \$3{,}033$$

This prorated amount is then divided by the number of terms:

$3,033 / 2 = $1,516.50

Therefore, Emma's payment for each semester is $1,516.50. Emma will receive $3,033 for her attendance in both semesters. Note that this is less than her Scheduled Award; she may be able to receive the remaining $217 if she enrolls in a summer term.

Formula 3 Calculation Cite
34 CFR 690.63(d)

Disbursement not more than 50% of Annual Award Cite
34 CFR 690.63(f)

Fractions
Remember when using fractions, multiply first, and then divide. Dividing the fraction first to produce a decimal can cause an error if you need to round the decimal up or down.

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Calculating the Payment for a Payment Period

To determine Aanar's payment for each payment period, the school uses the following calculation:

$$\$3,650 \times \frac{\text{8 weeks instructional time in the term}}{\text{32 weeks instructional time in the academic year definition}} = \$912.50$$

Aanar's payment for each payment period will be $912.50.

Example 2 (short term between two standard terms)

Owen is enrolled in a program at Hart University that has a short 4-week term between two 15-week terms. The terms do not overlap. The academic yera for the program is defined as 34 weeks of instructional time and 24 semester hours. Hart could combine the short term with one of the standard terms and calculate Pell Grant payments using Formula 1 (assuming that full-time was defined as 12 semester hours per term). However, Hart chooses not to combine the terms and instead must use Formula 3 to calculate Pell Grant payments for students in this program. Owen's EFC is 1214, and the Pell COA for the academic year is $8,745. He enrolls for 6 semester hours in the first and third terms and 3 semester hours in the second term.

Determining Enrollment Status and Cost of Attendance

Because the program has nonstandard terms, Hart must determine the number of credit hours required for full-time enrollment in each term, as follows: For first and third terms:

$$24 \text{ Semester Hours} \times \frac{\text{15 weeks instructional time in the term}}{\text{34 weeks instructional time in the academic year definition}} = 10.58$$

For the second term:

$$24 \text{ Semester Hours} \times \frac{\text{4 weeks instructional time in the term}}{\text{34 weeks instructional time in the academic year definition}} = 2.82$$

A student must enroll in 11 semester hours (rounded up from 10.58) in the first and third terms, and 3 semester hours (rounded up from 2.82) in the second term, to be full-time. Owen is enrolled half-time in the first and third terms (6 semester hours/11 semester hours = .54) and full-time in the second term. The COA does not need to be prorated because the fall through spring terms provide the same number of weeks of instructional time as in the academic year definition. Further, the school has determined the costs for a full-time student for a full academic year.

Determining Annual Award and Payment Periods:
Based on a COA of $8,745 and an EFC of 1214, the half-time payment schedule shows that Owen is eligible for an annual award of $1,375. Because this is a term-based credit-hour program, the payment period is the term.

Calculating the Payment for a Payment Period:
To determine Owen's payment for the first and third terms, the school uses the following calculation:

$$\$1,375 \times \frac{\text{15 weeks instructional time in the term}}{\text{34 weeks instructional time in the academic year definition}} = \$606.62$$

Owen's payment for each of the first and third terms will be $606.62. To determine his payment for the second term, Hart uses the following calculation (his annual award is $2,750 according to the full-time payment schedule):

$$\$2{,}750 \times \frac{\text{4 weeks instructional time in the term}}{\text{34 weeks instructional time in the academic year definition}} = \$323.53$$

Owen's payment for the second payment period will be $323.53.

Formula 4

Formula 4 Calculation Cite
34 CFR 690.63(e)

Unlike under the preceding three formulas, no adjustment for enrollment status is made in determining the annual award under Formula 4. Instead, in calculating the payment amount, you have to perform a comparable proration of the award based on hours enrolled. The calculation for the payment period adjusts the annual award both if the student will be enrolled in fewer credit/clock hours than in a full academic year and if a full-time student will be attending fewer weeks than a full academic year. To adjust for fewer weeks, you must multiply the annual award by the least of:

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

One[6]

Note that the result of this multiplication won't ever be greater than the original annual award. Because the annual award is the amount for a full-time student, the fractions use the weeks of instructional time needed for a **full-time student** to complete the hours in the program or academic year. You must determine the weeks of instructional time it takes a full-time student to complete the hours based on the time required for the majority of its full-time students to complete the program or academic year, not student by student.

Then, to adjust for fewer clock/credit hours, you must multiply this adjusted annual award by the following fraction:

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

The resulting amount is the payment for a payment period. However, if this amount is greater than 50% of the annual award, your school must make the payment in at least two disbursements. A single disbursement can never be more than 50% of the annual award.

6. If both fractions are greater than one, the school may need to make adjustments when it reports weeks on the origination record. See Chapter 3.

Formula 4 Examples

Martha is enrolled for 10 clock hours per week in a 650-clock-hour program at Sarven Technical Institute. She begins attending in January 2003. The program provides 27 weeks of instructional time; Sarven defines the academic year for the program as 30 weeks of instructional time and 900 clock hours. Martha's EFC is 0; the Pell COA for less-than-half-time students in the program is $2,143.

Based on a COA of $2,143 and an EFC of 0, the full-time Payment Schedule shows that Martha is eligible for an annual award of $2,150. Note that you always use the full-time payment schedule for Formula 4. In this case, you are using a less-than-half-time COA on the full time schedule. Sarven has established four payment periods—the first three are each 163 clock hours, the fourth is 161 clock hours. To calculate Martha's payment, the school uses the following calculations:

$$\$2{,}150 \times \frac{\text{27 weeks instructional time for program}}{\text{30 weeks instructional time in the academic year}} = \$1{,}935$$

$$\$1{,}935 \times \frac{\text{163 clock hours in the payment period}}{\text{900 clock hours in the academic year}} = \$350.45$$

Martha's payment for the first payment period will be $350.45. She can get this payment when she begins the program. She can receive her second payment of $350.45 after she completes the 163 clock hours in the first payment period. Because she's completing only 10 clock hours a week, the final two payment periods will be in the 2003-2004 award year, and a new calculation will be required based on the 2003-2004 Payment Schedule.

Allen is also enrolled at Sarven Technical Institute; his EFC is 137, and the Pell COA for his program is $4,650. His program is 24 quarter hours and 20 weeks of instructional time; the academic year for the program is defined as 36 quarter hours and 30 weeks of instructional time. Based on a COA of $4,650 and an EFC of 137, the full-time Payment Schedule shows that Allen is eligible for an annual award of $3,850.

Sarven has established two payment periods of 12 quarter hours each for Allen's program. To calculate Allen's payment, the school uses the following calculations:

$$\$3{,}850 \times \frac{\text{20 weeks instructional time for program}}{\text{30 weeks instructional time in the academic year}} = \$2{,}566.67$$

$$\$2{,}566.66 \times \frac{\text{12 quarter hours in the payment period}}{\text{36 quarter hours in the academic year}} = \$855.56$$

Allen's payment for the first payment period will be $855.56. Allen can receive this payment when he begins the program. Because students don't earn any of the 24 quarter hours in the program until they complete the entire program, Sarven has determined that it can make the payment of $855.56 for the second payment period after Allen has completed the tenth calendar week of the program.

Formula 5

For nonterm correspondence programs, this step of the calculation is similar to the step under Formula 4. For term correspondence programs, this step is the same as under Formula 3.

For the Pell calculation, you are required to determine the number of weeks of instructional time in the program by preparing a written schedule for the lessons that the student will submit. A nonterm correspondence program must require at least 12 hours of preparation per week. A term correspondence program must require

at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter hour during the term.

Nonterm correspondence program—Formula 5A

You first multiply the annual award by the least of:

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

1

You then multiplies the result by the following fraction:

$$\frac{\text{Credit hours in a payment period}}{\text{Credit hours in program's academic year definition}}$$

Schedule Requirement Cite
34 CFR 690.66(a)(2), (c)(1)

Nonterm Program Calculation Cite 1
34 CFR 690.66(a)

Nonterm Program Calculation Cite 2
34 CFR 690.66(a)(4)

Term correspondence program—Formula 5B

You multiply the annual award (taken from the half-time or less-than-half-time Disbursement Schedule) by the weeks of instructional time in the term divided by the weeks in the academic year:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in the term}}{\text{weeks of instructional time in program's academic year definition}}$$

Term Program Calculation Cite
34 CFR 690.66(c)(3)

If the resulting amount is more than 50% of the annual award, your school must make the payment in at least two disbursements in that payment period. You may not disburse an amount that exceeds 50% of the annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50% of the weeks of instructional time in the program's academic year definition. A single disbursement for a payment period can never be more than 50% of the annual award.

SUMMER TERMS

If your school offers a summer term in addition to fall through spring terms, you calculate the student's payment for the summer term using the same formula used to calculate the payment for each term within your school's award year. Note that a student may not be able to receive a full award as calculated for a summer term if they have already received funds for fall and spring semesters, and receiving further summer funds would result in exceeding their annual award. For a program for which your school calculates awards using

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Formula 1 or 2, you can perform an alternate calculation under Formula 1 or 2 that distributes the annual award over all the terms for **all** students enrolled in that program. The alternate calculation is intended for schools where most students attend full time all year long.

Regardless of the method you choose to calculate the student's summer payment, your school must apply its definition of full-time status consistently to **all** awards in FSA Programs. In addition, in order to calculate a student's Pell Grant payment under Formula 1 or 2, including the alternate calculation, your school must define full-time enrollment during any summer term as at least 12 credit hours.

Alternate Calculation Cite
34 CFR 690.63(b)(3)(ii), (c)(4)(ii)

Alternate Calculation

To perform the alternate calculation, only allowed for under Formulas 1 and 2, you divide the annual award by the number of terms (including the summer term) in the award year. If you choose to use this alternate calculation, you must:

- use the alternate calculation for **all** students enrolled in the same program of study,
- use the alternate calculation for all payment periods in the award year,
- increase the number of weeks of instructional time in the academic year defined for the student's program to include the number of weeks of instructional time in the summer term, and
- include the costs for the additional term in the Pell COA.

Your school may also include the number of credit hours for the additional term in your definition of the academic year for the student's program.

Alternate Calculation Example

Kevin enrolls as a full-time student in a two-year associate degree program at Ivers Community College. The academic calendar for this program uses semesters; there are two semesters in the fall through spring, each providing 14 weeks of instructional time. The program also has a summer semester that provides 14 weeks of instructional time. Ivers can use Formula 2 to calculate Pell Grants for students in the program, and decides to use the alternate calculation to distribute the award over all three terms. The school defines the academic year for Kevin's program as 36 semester hours and 42 weeks of instructional time (both the weeks and the credit hours for the summer term are included in the academic year). Kevin's EFC is 300, and the Pell COA (which includes costs for the summer term) is $5,200.

Based on a COA of $5,200 and an EFC of 300, the full-time Payment Schedule shows that Kevin is eligible for an annual award of $3,750. Ivers uses the alternate calculation to determine Kevin's payment for a payment period. It divides the annual award by the number of terms in the award year:

$3,750 / 3 = $1,250

Kevin will receive $1,250 for each of the three semesters in the award year.

Summer Minisessions

If a term-based school offers a series of minisessions that overlap two award years (by "crossing over" the June 30 end date for one award year), these minisessions may be combined and treated as one term. However, schools are not required to combine these minisessions.

If the minisessions are combined into a single term (i.e. payment period), the weeks of instructional time in the combined term are the weeks from the beginning of the first minisession to the date the last minisession ends. The student's enrollment status for the entire payment period must be calculated based on the total number of credits the student is projected to take for all sessions. You must project the enrollment status for a student on the basis of the credits the student has:

- pre-registered or registered to take for all sessions,

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Summer Calculation Example

Suppose for the preceding example, Ivers didn't use the alternate calculation, and calculated payments using Formula 2. Because Ivers would no longer be required to include the summer term in the academic year definition, it could define the academic year for the program as 30 weeks of instructional time and 24 semester hours. Ivers would also have to adjust the COA (removing summer costs to reflect the full-time full year costs), although in this case it wouldn't affect Kevin's annual award. Using the same annual award as in the previous example, the school would calculate Kevin's payment as follows:

$$\$3{,}750 \times \frac{\text{28 weeks instructional time in combination of both terms}}{\text{30 weeks instructional time in academic year definition}} = \$3{,}500$$

Ivers would then divide this prorated annual award by 2 (because the program uses semesters) to determine Kevin's payment for the payment period: $3,500/2 = $1,750.

Kevin would receive $1,750 for full time attendance in each of the fall and spring semesters. He'd receive an additional $250 payment for the summer semester. Note that he cannot receive another payment of $1,750 for the summer session, since this would exceed his scheduled award. Under this calculation, Kevin will receive his full annual award of $3,750.

- committed to take for all sessions in an academic plan or enrollment contract, or
- committed to take for all sessions in some other document.

When the minisessions are combined into a single term, a student cannot be paid more than the amount for one payment period for completing any combination of the minisessions. Note that recalculation is required if the student does not begin attending the projected classes, including those in a subsequent minisession. (See "Change in Enrollment Status" in Chapter 5 of this volume.)

If the minisessions are not combined into a single payment period, your school must treat each minisession as a separate nonstandard term. As long as your school defines full-time enrollment in each minisession as at least 12 credit hours, you must continue to use the same Pell formula as it used during the academic year for the Pell Grant calculations for each of those minisessions. If your school does not define full-time enrollment in each minisession as at least 12 credit hours, Formula 3 must be used for the Pell Grant calculations for each of those minisessions. Further, once a program uses Formula 3 for Pell Grant calculations in any of its terms in an award year, then Formula 3 must be used in the award year for all terms in that program, including the fall through spring terms.

COA for Summer Terms

Costs for summer terms are figured in the same way as for any other payment period; that is, the costs are based on a full academic year. For instance, if your school has fall and spring semesters that

Minisession Example
Example 1 (minisessions combined)

Brian enrolls part time at Hildebrand University. In addition to fall and spring semesters, Hildebrand offers three summer minisessions. Each minisession provides 5 weeks of instructional time. Hildebrand can either combine the minisessions into a single payment period, or treat each session as a separate nonstandard term. The school chooses to combine the sessions into a single payment period providing 15 weeks of instructional time with full-time enrollment in this period defined as 12 semester hours. Hildebrand can use Formula 1 to calculate Pell payments for this summer session.

Brian enrolls for 3 semester hours in each of the minisessions, so he's enrolled three-quarter time (9 hours total in the combined term). His EFC is 772 and the Pell COA (for the fall through spring terms) is $8,170. Based on this information, the three-quarter time payment schedule shows that Brian is eligible for an annual award of $2,438. To calculate Brian's payment, the school divides the annual award by the number of terms in the academic year: $2,438/2 = $1,219.

Brian can receive $1,219 for the combined summer session if it's the first term of the award year, or if he had not used his eligibility for that award year. If he received payments for the fall and spring semesters from the same award year, the school would need to check his remaining eligibility to see how much he could be paid for the summer session (see "checking remaining eligibility" in this chapter).

Example 2 (minisessions treated separately)

Suppose Hildebrand didn't combine these minisessions. If it defined full-time enrollment, for each 5-week minisession as less than 12 semester hours, it would have to calculate **all** Pell payments for the program using Formula 3. Hildebrand would have to determine Brian's enrollment status for each minisession by multiplying full-time enrollment for the academic year (24 semester hours) by the number of weeks of instructional time in the term (5) over the number of weeks of instructional time in the academic year (30). For each of the 5 week terms, a full-time student must enroll in 4 semester hours (24X 5/30 = 4) to be full time. Therefore, at 3 semester hours, Brian is still enrolled three-quarter time in each minisession. The Pell COA wouldn't have to be adjusted, and his annual award would remain the same. Hildebrand would determine his payment for each minisession using the following calculation:

$$\$2{,}438 \times \frac{\text{5 weeks of instructional time in the term}}{\text{30 weeks of instructional time in the academic year definition}} = 406.33$$

Brian would receive $406.33 for each of the minisessions, for a total of $1,219 for the summer. Again, these payments may need to be reduced if Brian had previously received payments for the fall and spring semesters in the same award year.

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comprise an academic year, you can't add the costs for the summer term to the costs for the fall and spring semesters. The award for the summer term is still based on the costs for one academic year. However, if the academic year definition includes the summer term, then the costs for the summer term **must** be included in the cost for a full academic year.

If the student was previously enrolled in the award year, you may be able to use the same COA for the summer term that it used for the

immediately preceding term that the student attended. However, this isn't possible if you are required to recalculate the COA. (See Chapter 5 of this volume for information on when recalculations are required.) If it's necessary to base the student's COA on the summer term, you must prorate the summer costs to establish the cost for an academic year. (See "Calculating the Cost of Attendance" in this chapter for information on prorating costs.)

If the summer session is the first term in the award year for that student (for example, your school is paying a student for the summer 2002 term from the 2002-2003 award year), you must establish the student's full-year cost based on the costs for the **summer** term. If the student enrolls in another term in that award year, you may have to recalculate the student's costs for the later term (see Chapter 5).

CHECKING REMAINING ELIGIBILITY

A student can never receive more than a Scheduled Award in one award year.[7] In most cases, the calculations assure that a student doesn't receive more than a Scheduled Award, but for some students, you will need to check the student's remaining eligibility before paying the student. In particular, if the student is attending more than an academic year's worth of courses in the same award year, the student could run out of eligibility for Pell. This most commonly happens with summer terms, or crossover payment periods, but can also happen if the academic year is shorter than the normal coursework offered by your school during the year. You must also check remaining eligibility (refer to NSLDS) for transfer students, because the previous school may have used a different calculation or paid the student on a different schedule.

Crossover Payment Periods

Payment periods don't always fall neatly into one award year or another. When a payment period falls into two award years, it's called a "crossover payment period."

The basic calculation for a crossover payment period is the same as that for any other payment period. However, there are additional provisions for some summer terms. (See "Summer Terms" in this chapter.) In addition, if a student has already received payments for other payment periods in the award year, you must check his or her remaining eligibility before disbursing funds for the crossover payment period.

Payment from either award year

You can make a payment for a crossover payment period out of either award year, if the student has a valid output document for the award year selected. However, if more than six months of the payment period are in a given award year, the Pell payment must be made from that award year.

The decision about which award year to use is usually based on the student's remaining eligibility in the earlier award year. For instance, if

Crossover Payment Period Checking Remaining Eligibility Example

Brian is attending part time at Hildebrand University. Using Formula 1, Hildebrand determines that Brian can receive $1,013 for each term. His Scheduled Award is $2,813.

Brian enrolls three-quarter time in the fall, spring, and summer terms. For the fall and spring semesters, he'll receive a total of $2,026. If Hildebrand wants to pay him for summer from the 2002-2003 award year as well, it needs to see how much eligibility he has left. Subtracting the amount already received from the Scheduled Award, Hildebrand discovers that Brian only has $787 of Pell eligibility left. Therefore, Brian can only receive $787, instead of $1,013, for the summer term. Hildebrand could also pay Brian for the summer term from the 2003-2004 award year.

Crossover Payment Period Cite

34 CFR 690.64

Scheduled Award Limitation Cite

34 CFR 690.63(g)

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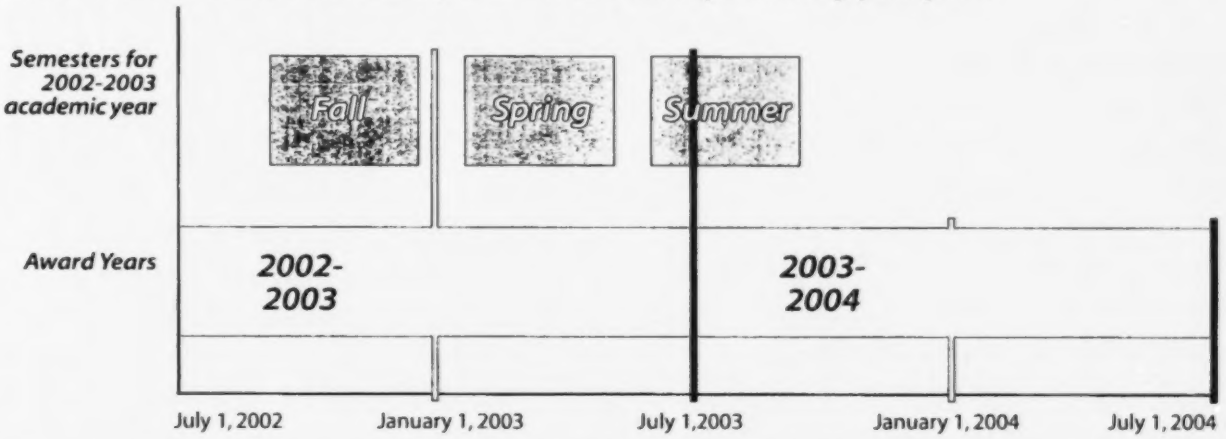
a student had already been paid for two semesters (each at least 15 weeks) as a full-time student for a full academic year in the 2001-2002 award year, the student would have been paid a full Scheduled Award for that year. However, if your school receives a valid output document for the 2002-2003 award year, the student could be paid for the crossover period from that year's funds. Of course, a student may still be eligible for a summer payment from the earlier award year if the student hasn't attended for a full academic year. For example, a student who enrolls at midyear, in the spring session, might still have eligibility remaining for the summer term. As another example, a student could receive a Pell payment for the summer term, even after receiving payments for the other terms in the award year, if the student attended **part time** in those other terms, or if those terms provided less than 30 weeks of instructional time.

Crossover Payment Period Example

At a school with a traditional term calendar, the summer term is usually a crossover payment period.



Transfer Students

You must be careful not to exceed the Scheduled Award when paying a student who has previously received a Pell for the award year at another school. To pay such a student, you need the student's application information and EFC from an output document and financial aid history information.

Application information

There are three ways for a school to get the student's application information and official EFC if that school wasn't listed on the FAFSA:

1. If your school participates in the Electronic Data Exchange (EDE), it can have the student provide the Data Release Number (DRN) that is printed on the upper right corner of the SAR, so that you can get the student's data electronically.

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2. Your school can have the student request a duplicate of his or her original SAR and submit it.

3. Your school can have the student correct his or her SAR to add your school's name to the list of schools in items 86 through 97.

Financial aid history

The student's financial aid history is in the National Student Loan Data System (NSLDS) Financial Aid History section of the output document. This section has the information needed to determine a transfer student's remaining Pell eligibility. However, you will need to make sure it has current information for a midyear transfer student (see "Midyear transfer" below). You can also get a financial aid history by requesting a financial aid transcript from the other eligible schools the student attended. (See the *FSA Handbook: Student Eligibility [Volume 1]* for more on the financial aid history in general.)

Midyear transfer

To calculate awards for students who transfer during the award year, your school must have up-to-date information on the student's Scheduled Award and the amount disbursed. The output document provides this information for up to three disbursements. However, if the output document was produced early in the year, it won't have the most recent information about the student. Your school needs to have NSLDS data from at least 60 days after the end of the student's enrollment at the previous school. This allows time for the previous school to report final changes to COD and for those changes to be sent on to NSLDS. You can either request a duplicate output document, which will have updated NSLDS information if any is available, or can check NSLDS on-line.

Transfer Student Cite
34 CFR 690.65

Midyear Transfer Cite
"Dear Colleague" Letter GEN-00-12

Percentage of Remaining Eligibility Cite
34 CFR 690.65(d)

Your school can also request a Multiple Reporting Record (MRR) through COD, which has information on planned and actual disbursements by other schools (see Chapter 3 for information on MRRs). Once again, you will need to allow some time for any previous schools to have submitted reports. Like the output document and NSLDS, an MRR has all the information needed to check the student's remaining eligibility, but it also has additional information about expected disbursements.

Your school can make an initial disbursement to a midyear transfer student before receiving the final data as it would to a student for whom it had requested but not received a financial aid transcript. Alternatively, you can request up-to-date transcript data from the previous school. Your school can ask the previous school for just the information on the current year and use NSLDS for the remaining financial aid history. (See the *FSA Handbook: Student Eligibility [Volume 1]* for more on NSLDS.)

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Transfer Student Example

Luna attends fall and winter terms at a school using nonstandard terms. She then transfers to Hart University for the spring semester. NSLDS shows that Luna received $1,003 in Pell payments and had a $1,700 Scheduled Award. Luna is eligible for a $2,100 Scheduled Award at Hart. To determine how much Luna can be paid, Hart first figures out what percentage of the Scheduled Award she received at her first school:

$1,003 / $1,700 = 59% of Scheduled Award used at first school

Subtracting this percentage from 100%, Hart determines that Luna is eligible for 41% of her Scheduled Award at Hart.

41% X $2,100 = $861

A student with a $2,100 Scheduled Award would ordinarily receive a $1,050 payment for one semester (if enrolled full-time). However, Luna can't be paid more than $861, because she has received 59% of the Scheduled Award at the first school.

Transfer Payments Example

Dmitri transfers to Bylsma Conservatory during the award year and enrolls for two terms. He would ordinarily receive a $500 payment for each term. However, his remaining eligibility, based on payments at the previous school, is only $600. Rather than "rationing" this amount by splitting it into two $300 payments for the two terms, Bylsma must pay Dmitri $500 for the first term and the remainder ($100) for the second term. In this way, Dmitri will receive the full payment he's entitled to for the first term, even if he doesn't return for the second term.

Calculating the payment

The Pell payment for a transfer student is calculated in the same way as for any new student. That is, you must divide the annual award (prorated if necessary) into payments for each payment period. However, before paying a transfer student, you must also make sure the student doesn't receive more than 100% of his or her Scheduled Award during the award year. Thus you must determine what percentage of the Scheduled Award the student actually received at the previous school. Because you are determining the relationship between the amount the student received and the Scheduled Award used to determine that amount, you must use the Scheduled Award reported by the previous school in determining this percentage, and can't correct it on the basis of its own records.

Figuring the percentage of remaining eligibility

To determine the percentage of remaining eligibility, divide the amount disbursed at the previous school by the student's Scheduled Award at that school. Then subtract this percentage from 100%. The result is the maximum percentage of the Scheduled Award that the student may receive at your school.

The reason for using percentages is that a transfer student may have different Scheduled Awards because, for example, the costs of attendance at the two schools may be different. The percentages are used to compare the portions of a student's total eligibility that have been used at both schools. (If the student's Scheduled Award is the same at both schools, the financial aid administrator can find the amount of the student's remaining eligibility simply by subtracting the amount received at the first school from the Scheduled Award.)

Note that a transfer student receives the same payments as any other student until the limit (100% of a Scheduled Award) is reached. You give the student the full amount for each payment period, rather than trying to ration the remaining amount by splitting it evenly across the remaining terms.

Formula 1 Summary

Standard-term, credit-hour programs, with 30 weeks of instructional time (or waiver applies)

- *Enrollment for at least 12 credit hours each term required for full-time status*
- *Program terms don't overlap*
- *Academic calendar includes 2 semesters/trimesters (fall and spring) or 3 quarters (fall, winter, and spring)*
- *Fall through spring terms equal at least 30 weeks of instructional time, or at least 26 weeks of instructional time if the program was granted a waiver of the minimum 30-week academic year requirement*

Step 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Step 3: Determine Annual Award

If the student's enrollment status is full time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term.

Step 5: Calculate Payment for a Payment Period

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

OR

For alternate calculation:

$$\frac{\text{Annual Award}}{\text{Number of terms in the award year}}$$

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Formula 2 Summary

Standard-term, credit-hour programs, with fewer than 30 weeks of instructional time, and waiver does not apply

- *Enrollment for at least 12 credit hours each term required for full-time status*
- *Program terms don't overlap*
- *Academic calendar includes 2 semesters/trimesters (fall and spring) or 3 quarters (fall, winter, and spring)*
- *Fall through spring terms are less than 30 weeks of instructional time and the program wasn't granted a waiver of the minimum 30-week academic year requirement*

Step 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Cost for fall through spring terms prorated. If fall through spring terms provide the same number of credit hours as are in the academic year definition, prorated COA is the same as nonprorated COA.

Step 3: Determine Annual Award

If the student's enrollment status is full time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term

Step 5: Calculate Payment for a Payment Period

Proration required unless alternate calculation is used

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in fall through spring terms}}{\text{Weeks of instructional time in program's academic year definition}} \div \begin{matrix}\text{2 (if semesters or trimesters)} \\ \textbf{OR} \\ \text{3 (if quarters)}\end{matrix}$$

OR

For alternate calculation:

$$\frac{\text{Annual award}}{\text{Number of terms in the award year}}$$

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Formula 3 Summary

Any term-based, credit-hour programs; may include those qualifying for Formulas 1 and 2

Step 1: Determine Enrollment Status

Full time, three-quarter time, half time, or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time Payment Schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less than 1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term

Step 5: Calculate Payment for a Payment Period

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award

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Formula 4 Summary

Clock-hour programs and credit-hour programs without terms

Step 1: Determine Enrollment Status

At least half time or less than half time

Step 2: Calculate Pell COA

Full time, full academic year costs

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Step 3: Determine Annual Award

Always taken from full-time Payment Schedule (equal to Scheduled Award)

Step 4: Determine Payment Periods

Length of payment period measured in credit or clock hours

Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

Step 5: Calculate Payment for a Payment Period

Annual award is multiplied by two fractions:

(1) Annual award x the least of:

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One (1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award.

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Formula 5A Summary

Programs of study by correspondence, nonterm correspondence component. The written schedule for the submission of lessons must reflect a workload of at least 12 hours of preparation per week of instructional time

Step 1: Determine Enrollment Status

Enrollment status is never more than half time

Step 2: Calculate Pell COA

Full time, full academic year costs (for applicable components)

Cost for program or enrollment period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which costs apply}}$$

Step 3: Determine Annual Award

Annual award taken from half-time Disbursement Schedule

Step 4: Determine Payment Periods

Length of payment period measured in credit hours

First payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

Second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of lessons or otherwise completed 75% of the work scheduled, whichever comes last.).

Step 5: Calculate Payment for a Payment Period

Annual award is multiplied by two fractions:

1) Annual award x the least of

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

1 (one)

(2) The results of (1) are then multiplied by

$$\frac{\text{Credit hours in a payment period}}{\text{Credit hours in program's academic year definition}}$$

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Formula 5B Summary

Programs of study by correspondence, term correspondence component. During each term, the written schedule for the submission of lessons must reflect a workload of at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter hour.

Enrollment status is never more than half time

Full time, full academic year costs (for applicable components)

Cost for program or enrollment period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which costs the apply}}$$

Annual award taken from half-time Disbursement Schedule

Length of payment period measured in credit hours

First payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

Second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of lessons or otherwise completed 75% of the work scheduled, whichever comes last.).

Annual award is multiplied by two fractions:

1) Annual award x the lessor of

$$\frac{\text{Weeks of instructional time for student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Credit hours in payment period}}{\text{Credit hours in program's academic year definition}}$$

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Pell Reporting

CHAPTER 3

This chapter explains how to report Pell information for 2002-2003 to FSA through the Common Origination and Disbursement System (COD). The material here is intended primarily for Phase-in participants. Full participants should refer to the COD Technical Reference.

OVERVIEW OF COD

For the 2002-2003 award year, your school will report Pell disbursements to the Common Origination and Disbursement System (COD). COD integrates the origination and disbursement functions of the DLOS and RFMS into one system and represents a migration from program-centric systems to a student-centric system. For Pell reporting purposes, COD replaces the Recipient Financial Management System (RFMS).

For the 2002-2003 Award year, there are two types of COD participation: Phase-in Participants will continue to submit a fixed length format record si milar to that sent to RFMS, and full participants will submit a "Common Record" in XML format. COD will accept records in either format and will return the rocessed data in the same format.

The first step is to create origination records for each of your Pell-eligible students. When the COD system begins operation this Spring, you can submit origination records for any student to whom you might pay a Pell Grant. For instance, you might create an origination record for all students who listed your school as their first choice on the FAFSA. When COD receives origination records, it checks the records for errors and then returns an acknowledgment/ response to your SAIG mailbox.

To disburse Pell funds, you must submit a disbursement record to the COD system with the amount of the disbursement and the actual date that you will disburse the funds . COD will return an acknowledgment for the disbursement record, which will let you know if there were any problems with the submission.

Pell Software

The EDExpress software includes a Pell Payment module. Partial participants using EDExpress should consult the Pell Tech ref (see sidebar this page). Full participants do not use EDExpress to interface with COD. Schools using third-party software should consult the materials provided by the vendor. A school that develops its own software will want to refer to the record layouts for the various COD

Common Origination and Disbursement (COD) System

Beginning this spring (2002) Pell Schools will report their disbursements for the 2002-2003 award year to the COD system.

For 02-03 Pell data & Support:
http://cod.sfa.ed.gov
codsupport@asfa.com
1-800-474-7268 (if you select 02-03, you will be routed to the COD service center)

COD Benefits

COD simplified the aid delivery process by using a single record for each student's Pell and Direct Loan records. This eliminates redundant data records and creates a student-centric rather than program-centric record. In addition, COD does not require full participants using the common record don't have to submit all data elements in each submission. Only the elements necessary for the particular business process your school is trying to perform are needed.

Pell Technical References

Phase in schools should use the Pell Tech Reference and Full participants use the COD Tech Reference. Schools can download the Pell and COD Technical References from: <http://sfadownload.ed.gov>

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Pell Record Layouts

The layouts are available on the Information for Financial Aid Professionals (IFAP) web site at : <http://ifap.ed.gov/IFAPWebApp/currentIPGRFMSProcessPag.jsp?p2=c>. IFAP also has other information about Pell, such as edit codes, and a series of Action Letters describing the system.

Initial Authorization Notes

The schools participating in the Just-In-Time Funding pilot as well Push Cash schools don't receive an initial authorization because they don't draw down funds.

Instead of having an initial authorization, JIT and Push Cash schools Pell funds are automatically deposited in the schools' bank account, based on actual disbursement records they submit.

Reimbursement schools' Initial Authorization is always zero. Reimbursement schools must request funds via GAPS.

Reporting Method

Electronic Data Exchange

The Department supplies PC software (EDConnect) for you to transmit your Pell records to your SAIG mailbox on the Internet. You may also use 3rd party software to accomplish this records transmission function.

records, as the records created by your software have to be formatted correctly to be accepted by COD.

PELL AUTHORIZATION

At the beginning of each award year, Advance Funded schools receive an Electronic Statement of Account (ESOA) with an initial authorization based on an estimate of the Pell funds the school will need to cover its first payments. As the award year progresses, the authorization will be adjusted based on the actual dollar amount of disbursements the school reports to COD. Note that your school's authorization level in GAPS will not rise until seven calendar days prior to the disbursements that triggered the authorization increase. As your school reports disbursements to COD, COD makes any necessary adjustments to the authorization, and if additional Pell funds will be needed, COD notifies GAPS an sends your school a revised ESOA. COD enables the Department to track your school's need for funds (based on record submission) as the award year progresses and adjust the school's authorization on that basis. The system also provides documentation to your school for reconciling your school's records of total expenditures with the Department's records of eligible students paid by the school. (This documentation is the Year-to-Date data; see "Year-to-Date Records," in this chapter.) The Pell funds that your school reports as expenditures to GAPS must equal the total payments to eligible Pell recipients at the school, as shown by the COD records for each student.

ORIGINATION RECORDS

Origination records don't include actual disbursement dates and amounts, because they are reported separately on disbursement records. Phase-in participants must submit an origination record for every Pell recipient. COD will edit the data to ensure that the student is eligible for the reported Pell amount and create an account for that student.

Submitting Records

You may submit an origination record for every student you **might** pay during the award year. Also, more than one school can submit an origination record for a student. However, COD only accepts one origination record from each school for each student; if you submit another origination record with different data for a student, COD treats the new record as an update to the original record.

Timing of submissions

You can submit an origination record as early in the year as you choose, once the system starts up. In 2002-2003, schools will be able to submit origination records when COD is brought online in late spring. Although you may now submit origination and disbursement records simultaneously, it is often to your benefit to submit origination records in advance of the time of disbursement. This will allow you enough time to correct any problems with the student's record that might otherwise delay disbursements.

During the award year, you may not submit disbursement records more than 30 days prior to the actual disbursement. Disbursement records for 2002-2003 will not be accepted prior to June 21st, 2002. Origination records and Disbursement records must be batched separately but may be submitted to COD in the same transmission.

Specific Origination Record Items

The software you use to prepare origination records should require data to be entered in the correct format. Some fields are required, and others are optional. EDExpress software and most 3rd party software include edits that will catch some errors, but you should still check each student's information for accuracy.

Award amount

The award amount is reported as seven numbers, with no other characters such as dollar signs, commas, or periods. The last two numbers represent cents, so for an award amount of $4,000, you would report 0400000 as the award amount to COD. If you don't report an amount for cents, COD will take the last two digits to be the cents amount. Therefore, if you report an award amount of 2000, COD will take this to be an award of $20.00, not $2000.00.

Low tuition and fees code

This is an optional item, indicating that you used the Alternate Schedule to determine the student's annual award (see Chapter 2 of this volume). The Alternate Schedule reports a number code that shows the range you used for the students tuition plus dependent care and/or disability expenses of:

1 $0

2 $1-$216

3 $217-$433

4 $433-649

5 $650 or more

Enrollment date

This is the first date the student was enrolled in the eligible program for the award year. (For this item, "enrolled" means the first day the student attended classes.) If the student enrolled in a crossover payment period before the first day of the award year (July 1), report the actual date enrolled, even though that date occurs before the start of the award year.

Academic calendar

The academic year categories are defined as follows:

1 Credit hours—nonstandard terms. The school uses nonstandard academic terms but measures progress by credit hours or units.

Timing of Origination Records Example

Malvek University decides to submit as many of its origination records as possible at the beginning of July. Three students face the following circumstances:

Sal won't be attending until the Spring semester next year, but Malvek University submits an origination for him anyway in July. This record is accepted, and Malvek will now just have to submit a disbursement record closer to Sal's disbursement date.

Dave will start in the Fall; the origination record Malvek submits for him is rejected, but it will have several months to submit a new origination record and fix the problems.

Frank is supposed to receive a disbursement in July, so Malvek submits a disbursement record for him in the batch with all the origination records. His origination record is rejected, which causes his disbursement record to be rejected too. Malvek will need to resolve the problem quickly and submit both a new origination record and a new disbursement record for Frank.

Orig. Record Data Elements

The required items are:

- Origination ID
- Original SSN
- Original Name Code
- Attending Campus Pell ID
- Award Amount
- Estimated Disbursement Date #1
- Enrollment Date
- Transaction Number
- EFC
- Academic Calendar
- Payment Methodology
- Cost of Attendance
- Current SSN
- Last name (can be blank)
- Date of Birth

The optional items are:

- Origination Cross-Reference
- Estimated Disbursement Dates #2-#15
- Low Tuition and Fees Code
- Incarcerated Federal Pell Recipient code
- Secondary EFC

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Award Amount Format

Lochlan University has determined that Matt's award for the year will be $2,916.80. When reporting the amount on the origination record, Lochlan reports that Matt's award amount will be $2,916.80 by reporting it as 0291680. This ensures that Lochlan U. will be able to pay Matt the entire amount without problems from COD

Enrollment Date Format

Peg is enrolled in a summer term at Aanar College, and it's the first term in the 2002-2003 award year. The term began on June 7, 2002. Aanar reports the enrollment date as 20020607 on the origination record it submits for Peg for the 2002-2003 award year.

Enrollment Status Codes

1 Full time
2 Three-quarter time
3 Half time
4 Less than half time
5 Other

Verification Status Codes

There are now only 3 valid verification status codes: "V" and "W" and blank. V = verified and W = Student has not completed the verification process, but has been paid without documentation. Blank= has not been selected for verification.

You can not make more than one disbursement for a student reported with a "W" until the student supplies documentation to verify or correct the application data. If not verified by late Spring 2003, W's will result in deobligation to zero for that student.

As soon as you complete verification, you must submit an origination record with the revised verification status and also submit applicable disbursement records.

2 Quarters. The school uses standard term quarters and measures academic progress by credit hours.

3 Semesters. The school uses standard term semesters and measures academic progress by credit hours.

4 Trimesters. The school uses standard term trimesters and measures academic progress by credit hours.

5 Clock hours. The school measures academic progress by clock hours.

6 Credit hours without terms. The school doesn't use terms, and measures academic progress by credit hours.

Cost of attendance

The cost of attendance is reported as seven numbers, with no other characters such as dollar signs, commas, or decimal points. The last two numbers represent cents, so for a cost of attendance of $10,345, the school should report 1034500. If you submit a cost of attendance of 10345, COD will take that to be a cost of attendance of $103.45. The cents amount doesn't have to be zero, so a school should report a cost of attendance of $3,456.89, as 0345689.

Enrollment status

This item must be reported by Phase-in schools, but not COD full participants. This item is no longer cross checked for accuracy, but is required on legacy format records (phase-in participants). "Other" is used when the student's enrollment status is "mixed"—for instance, when a student attends full time one term and half time the next, or when the student attends an additional (optional) term within the award year.

Weeks of instructional time used to calculate payment

If you're using Formula 1 to calculate the Pell Grant, don't complete this item, it is not used in formula one, but **is** reported for all other formulas. (See Chapter 2 of this volume for more information about the formulas.) Note that this is an amount for the entire award year; this amount won't match the amount actually used in calculations under Formulas 3 and 5B because they only use the number of weeks in a particular payment period in the calculation.

For standard-term-based, credit- hour programs (programs using Formula 2), this is the total number of weeks provided in the school's fall through spring terms. For other term-based, credit-hour programs (programs using Formula 3 or 5B), this is the total number of weeks of instruction provided in all terms that are part of a normal complete academic year. For programs using Formula 4 or 5A, this is the number of weeks of instructional time provided by the program or academic year, whichever is less. Note that the weeks of instructional time might not be the same as the number of calendar weeks (see the *FSA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information). The number you report here can never be more than

the number of weeks in the program's definition of academic year, which is also reported on the origination record. If it is larger (which should only happen for programs using Formulas 4 or 5A), you should adjust one of the two numbers so they're the same.

Credit/clock hours in all payment periods to complete school year

This item is completed only for clock-hour (schools using Formula 4) or nonterm credit-hour programs (schools using Formula 4 or Formula 5A). It's the number of hours or credits the student is expected to complete in all payment periods occurring in the current award year. If you are paying the student in the current award year for payment periods that are in progress or are already completed, you must be sure to include those payment periods in this total. This number can't be more than the number of credit/clock hours in the program's definition of academic year, which is also reported on the origination record.

Origination corrections

COD makes corrections to invalid values whenever possible, rather than rejecting the record. Corrections will be noted as warnings on the record acknowledgment. Values may be invalid because they're formatted incorrectly, or they may be invalid in relation to other data the school has reported. For example, if you reported the academic calendar as 3 (Semester) but the payment methodology is reported as 4 (Credit/Clock Hour, or Formula 4), COD would correct the payment methodology to 3, (Credit Hour with standard or nonstandard terms) to agree with the reported academic calendar. The record layouts detail how COD corrects invalid values. COD will also calculate the maximum award amount the student can receive, based on the Cost of Attendance and EFC on file with the CPS. If the reported award amount is more than this maximum amount, COD will correct the award amount. Note that COD won't **increase** the award amount you reported; if you accidentally report an award amount that's too low you'll need to update the origination record itself.

Origination, Disbursement, and Data Request Edit Codes

COD sends edit codes when data you submit trips an edit function. COD has error checking for data which may be independantly incorrect, such as a DOB in the future, and also error checking for internal consistancy that cross-checks various data elements. An example of an error code you might receive might be "(313) Invalid EFC/Correction Applied." The error codes for Phase in and Full Participants are different. For information about specific edit codes and how to resolve them, Phase-in participants should refer to the Pell Technical Reference and Full COD Participants should refer to the COD Technical Reference, both available at <http://sfadownload.ed.gov>

Weeks of Instructional Time Examples

Tharian College uses Formula 2 to calculate Pell Grants. It has two 14-week semesters, and in the calculation it reduces annual awards by multiplying them by 28/30 (weeks of instructional time in the terms divided by weeks of instructional time in the academic year). Tharian College reports 28 as the weeks of instructional time used to calculate payment.

Lochlan University has a nonstandard term program that has a short 4-week term between two 15-week terms. It uses Formula 3 to calculate Pell awards for this program. It determines payments for the 15-week terms by multiplying the annual award by 15/34 (weeks of instructional time in the payment period divided by weeks of instructional time in the academic year) and for the 4-week term by multiplying the annual award by 4/34. A student enrolling in all the terms for a normal year would have 34 weeks of instructional time (and would eventually receive 34/34ths of an annual award). Lochlan reports 34 as the weeks of instructional time used to calculate payment.

Peabodi Technical Institute has a program that provides 27 weeks of instructional time. The academic year is 30 weeks of instructional time. In calculating payments, Peabodi multiplies the annual award by 27/30 (weeks of instructional time in the program divided by weeks of instructional time in the academic year). Peabodi reports 27 as the weeks of instructional time used to calculate payment.

Student Identifier Match with CPS

The following data elements on records you submit to COD must match data stored by the CPS:

Current Last Name
Current SSN
Current DOB

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COD Record Acknowledgments

When COD receives origination records, it edits them to make sure there are no errors. Then it sends an acknowledgment back to you. COD will send one acknowledgment record back for each origination or disbursement record it received.

COD will either accept the record without corrections, make corrections to some of the items, or reject the record. COD only rejects the record if there are errors that can't be corrected. The acknowledgment record has an action code that shows whether the origination record was accepted (A), corrected (C), a duplicate (D), or rejected due to errors (E). The record also has error codes that tell why a particular record was corrected or rejected.

You should check records rejected because the current name was invalid or didn't match; in many cases, this means that the student doesn't have a FAFSA on file. You must correct the incorrect information before COD will generate a disbursement record and you can pay the student.

When an record is accepted or corrected, the acknowledgment record reports back the values on file within COD for each data element on the record. COD keeps each data element's accepted or corrected value. If a record was rejected, the acknowledgment record reports back the values reported for each data element, and COD keeps the data for a record that was rejected due to errors, which will be viewable on-line.

When a disbursement record has been accepted or corrected, the acknowledgment record has a Year-to-Date disbursement amount for the student. You can use this to help reconcile your school's records for the student with COD's disbursement record of what the student has received for the year. If the disbursement record was rejected, the Year-to-Date disbursement amount will be left blank.

DISBURSEMENT RECORDS

You must report each payment made to each eligible student via disbursemet records. As mentioned previously, before COD will accept a disbursement record, it must have an accepted origination record for the student. Although you can submit both records within their respective batches in the same transmission, if there's a problem with the origination record, the disbursement record won't be accepted.

Timing of Submissions

- If your school uses Advance Funding, you can submit a disbursement record up to 30 days before the actual disbursement date. However, you may want to wait until closer to or after the disbursement date, because if you don't make a reported disbursement, you will need to submit another disbursement record reducing the payment amount.

- If your school is using Just-In-Time or Push Cash funding, you can submit records up to seven calendar days before the disbursement date.

- If your school is on Reimbursement or Cash Monitoring you can't submit a disbursement record until you've actually made the disbursement to the student.

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In all cases, a record that's submitted too early will be rejected. A disbursement record should be submitted no later than 30 days after the disbursement is made. You must report disbursements within 30 days of making the payment (see "Reporting Deadline" in this chapter).

Specific Disbursement Record Items

The disbursement record must have an Origination ID, which must match an origination record in the database. If there's no match, the disbursement record will be rejected. It must also have a disbursement reference number. You can assign these numbers as you choose, but the number must be from 01 to 65 and must be different for each of the student's disbursements. You may find it convenient to number each student's first disbursement 01, and then use consecutive numbers for the following disbursements.

There are two parts to reporting the disbursement amount. First, the disbursement record has a debit/credit indicator flag. If this is set to "P" (positive), it means you are reporting a positive disbursement (money paid to the student). If it's set to "N" (negative), you are reporting a negative disbursement (money taken from the student, or an award reduction). On the first disbursement record you submit for a student, the debit/credit indicator flag must be P (positive). You report the disbursement amount on the same record. Again, you may report cents for the disbursement amount.

COD Full Participant Terminology

COD full participant terminology differs slightly from that of legacy format reporting. On disbursement records, full participants assign "disbursement sequence numbers" rather than disbursement reference numbers (same 01-65 numbering scheme). Also, instead of reporting a positive or negative disbursement flag and amount, full participants simply report a new "replacement" value that does not adjust a previous award but instead replaces it.

REPORTING CHANGES TO COD

If the origination and disbursement record acknowledgments you have received are accurate and there are no changes to the students' awards, you simply retain these records in your school's files. However, if the information for any student is wrong or changes during the award year, you may have to make corrections.

The most frequently required changes are to the Cost of Attendance (COA), verification status (to update a "W," payment without documentation), and payment amounts and dates. Other changes occur less frequently, except in cases of error. For instance, your academic calendar isn't likely to change during the award year.

Changes to Origination Record Information

In general, you only need to submit an updated origination record to notify COD that a student's award amount has increased. Otherwise, COD won't accept disbursements that would exceed the amount you initially reported. To update the origination record, send a new record with the same **SSN**, **Last name**, **Date of birth**, **Origination ID**, and **Attended Campus ID** as the previously accepted origination record. If any of these are different, COD will assume that you are sending in a different origination record instead of updating an existing record. If all these identifiers match those on a previous origination record, COD replaces the data from the previous record with the data on the new origination record.

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Correction types

- *Estimated Disbursement Dates.* You doesn't have to submit an updated origination record if the actual disbursement dates are different because the disbursement dates reported on the origination record are only estimated.

- *Academic Calendar.* You don't have to report a change from one type of standard academic term to another (for example, from a quarter system to a semester system). Other calendar changes (for example, from a credit-hour to a clock-hour calendar) must be reported.

- *Cost of Attendance.* Only report a change that doesn't increase the amount the student will be paid for the year.

- *Accepted weeks of instructional time used to calculate payment, Accepted Credit/Clock Hours in award year.* You don't have to report a change to these items if the change doesn't increase the amount the student will be paid for the year.

- *Accepted weeks of instructional time in program's definition of academic year, Accepted Credit/Clock Hours in program's definition of academic year.* You report a change to these items only if you are redefining a program's academic year. (For example, the school decides to change its 32-week academic year to 30 weeks.)

Changes to Disbursement Information

Disbursement Corrections

On a disbursement record, there aren't many items that can be corrected. However, the record layouts explain the corrections that can be made on the disbursement records. COD will verify that the student will not receive more than the accepted award amount on the origination record. COD also checks to see if disbursements already made by other schools would cause the student to receive more than a Scheduled Award. If so, a Multiple Reporting Record is sent to notify all schools involved. If the disbursement amount reported on the disbursement record would cause the student to receive more than a scheduled award, COD will not reduce the disbursement amount but will enter the Potential overaward process.

Potential overaward (POP)

If the combination of payments reported would cause the student to receive more than a Scheduled Award, COD will accept and process the disbursement and send an MRR (with contact information) for all schools involved. The student will be allowed to remain in an overaward status/situation for 30 days. If the situation has not been remedied after 30 days, each school involved will receive a negative disbursement decreasing all previously accepted disbursements for the 2002-2003 award year to zero. Valid disbursements can be resubmitted after this to reinstate the award.

Correction Example

MacLean University paid IJ $1,666.67 for his full-time enrollment in the fall semester. The calculated amount for the second semester is also $1,666.67. MacLean reports this amount (as 0166667) on the disbursement record it submits for the second semester. On the origination record MacLean submitted for IJ, the annual award amount was 00330000 ($3,300). The second disbursement amount reported by MacLean would cause IJ's total disbursement amount to be $3,333.34, more than the annual award amount accepted by COD. Therefore, COD reduces the amount on this second disbursement record to 0163333 ($1,633.33), which is the most he can receive without exceeding the annual award amount on file with COD.

To correct payment amounts using the standard Pell layout, submit a new disbursement record. Unlike origination records, the information on the new disbursement record doesn't replace the existing record. Instead, the payment amount reported on the new disbursement record is added to or subtracted from the accepted payment amount, resulting in a new total payment to the student. In contrast, schools using the new COD common record will submit replacement values rather than the amount of the increase or decrease.

Because the old disbursement record information isn't replaced, you can't actually correct an incorrect disbursement date. If you reported an actual disbursement that wasn't made, you should simply send in a new disbursement record with a negative disbursement amount for the amount you reported for the payment.

Concurrent enrollment

Because a student can't receive Pell Grant funds from two schools for the same period of enrollment, COD provides an MRR as a warning to schools that the student might be receiving payments from different schools for the same time period. If COD receives disbursement records for a student showing enrollment dates that are within 30 days of each other, it will generate an MRR for each school. This MRR will have a record type code of "CE" which shows that it was generated because of a possible concurrent enrollment. However, COD won't prevent either payment, because it's possible that the student's enrollment at one school might end before the enrollment at the other begins. Once again, the MRR has contact information, so that you can resolve any possible problems with the other schools.

Reporting Deadline

You must submit a disbursement record within 30 days of the date you become aware of a Pell Grant change (for example, a new recipient or an increased award). You may do this by reporting once every 30 calendar days (or more frequently), or you may set up your own system to ensure that changes are reported in a timely manner. For example, you may decide to report every other Friday on all changes since the last report, or set up a program to check the records daily for changes and report the changes the same day. In some cases, you may also need to submit an updated origination record.

If you don't report any data for a period of 30 or more calendar days, COD will assume you had no data to report for that period, and any actions (such as changes in authorization levels) will be based only on the data reported up to that time. The 30-day reporting requirement ensures that federal funds won't remain at a school when its students don't need the funds. It further ensures that if the student transfers to another school, Pell payments to the student through the new school won't be blocked. Schools that don't submit required records on time, and schools that submit incomplete records, will have their Pell allocations reduced and may be fined.

Concurrent Enrollment Example

Eric is enrolled in a clock hour program at Peabodi Technical Institute. Peabodi reports an enrollment date of August 16, 2002, on the origination record it submits for Eric. Eric is also enrolled part time at Chrisburg Community College. Peabodi submits an origination record with an enrollment date of September 7, 2002. On August 23, Peabodi submits a disbursement record for Eric, which is accepted by COD. No automatic MRR is generated yet, because only one school has submitted a disbursement (although either school could have requested an MRR that would show that the other school had submitted an origination record for Eric). On September 2, 2002, Chrisburg submits a disbursement record for Eric. COD now automatically generates an MRR for each school.

Reporting Deadline Cite

34 CFR 690.83; August 20, 2001 Federal Register notice on IFAP, new notice to be posted Summer 2002.

Reporting Deadline Example

On November 4, Tharian College determines that a Pell award it has previously reported to the Department must be reduced. On November 12, it pays five new recipients and determines that it must increase the amount it reported for another student's award. December 4 is 30 days after November 4, so Tharian must report the downward adjustment by that date. On December 4, the school bundles the November 4 and November 12 payments and adjustments and submits new disbursement records for them all, plus an updated origination record for the increased award. Tharian could also have waited until December 12 to report the changes from November 12.

On December 17, Tharian pays another new student and learns that a student for whom it submitted a disbursement record reporting a spring semester disbursement won't be returning. January 16 is 30 days after December 17. Therefore, January 16 is the deadline by which Tharian must submit new disbursement records for these two changes.

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Requests for Administrative Relief
Requests for such actions should be sent to: SFA.Administrative.Relief@ed.gov

Late Adjustments Cite
34 CFR 690.83(d)

Late adjustments due to program review or audit
In certain limited circumstances involving an audit adjustment or a program review, your school can receive reimbursement even if it didn't submit correct disbursement records for a student before the submission deadline. The Department will reimburse your school if an audit identifies funds that it owes to your school—including funds for which your school did not request reimbursement before the audit, provided all applicable Department rules and requirements were met.

In order to receive reimbursement under this provision, your school must show that it qualifies based on a finding in its initial audit of the award year, the initial audit report must have been submitted in a timely manner in accordance with 34 CFR 668.23(c). (See the FSA Handbook: Institutional Eligibility and Participation [Volume 2] for more information about audit requirements and deadlines.)

Your school can also receive reimbursement if under a program review its documented that you submitted a disbursement record for a student before the deadline, but didn't submit a correct disbursement amount for that student. In order for your school to receive reimbursement, the underpayment must be at least $100, and a program review must show that the student was eligible to receive more than your school originally reported.

Audit Adjustment Procedures Cite
"Dear Colleague" Letter P-97-2, June 1997

You can submit disbursement record batches more frequently than once every 30 days. You can submit batches daily or weekly if you choose–there's no limit on the number of batches. All disbursement records for the 2002-2003 award year must be submitted by September 30th, 2003 (see below for exceptions). You may need to submit some disbursement records after the end of the award year to report summer school payments, recently verified students, or outstanding changes. Remember that COD must have an origination record on file before any disbursement records will be accepted.

Adjustments after September 30

Only records with negative disbursement amounts will be accepted after the normal submission deadline. This allows schools to reduce overpayments whenever they're discovered.

If you need to report a new origination, increase an award amount on an origination record, or report a positive disbursement amount after September 30, 2003, you can ask the Department for administrative relief (see sidebar) if the situation is due to unusual circumstances beyond your school's control or a processing error on the part of COD.

These requests must be made in writing and must be received by January 31 of the calendar year following the award year (for example, by January 31, 2004, for the 2002-2003 award year). If you have questions about administrative relief, contact Pell Customer Service at 1-800-4-PGRANT (1-800-474-7268).

Adjustments due to overpayments

You can adjust the student's disbursement amounts for an overpayment whenever you determine that a student was ineligible to receive all of the Pell Grant funds disbursed. If your school is liable for the overpayment, you must report the reduction to the proper amount whether or not you can collect the overpayment from the student. If your school isn't liable for the overpayment, you report the amount to the Debt Collection Service (see Chapter 5 of this volume and Chapter 8 of the *FSA Handbook: Student Eligibility [Volume 1]* for more information on how to handle overpayments).

INFORMATION REQUESTS

MRRs

You can request different kinds of MRRs. For example, you can request a list of other schools that have submitted origination records for certain students, or other schools that have submitted disbursement records. You can request information about all students you have sent origination records for, about selected students, or about an individual student. Or, you can ask for information on all students for which a particular school has submitted a record.

Year-To-Date Records

You may request a Year-to-Date file for your school at any time during the award year. The COD Year-to-Date file contains origination and disbursement information. However, the Year-to-Date data only includes information from those records that were accepted or corrected. COD doesn't keep any information from rejected records, so that information isn't available in the Year-to-Date records. You request the YTD files via EDExpress or the COD website.

The Year-to-Date origination record for a student will show the origination information that COD is using for the student. If COD made corrections to the data or you corrected any data, the Year-to-Date record has the corrected information, not the original amount. This record will also have the total amount disbursed to the student for the year. The Year-to-Date disbursement records for the student show the accepted data for each disbursement that you reported. You can review Year-to-Date records to see if COD has information that differs from your school records.

The Year-to-Date summary will show the total number of recipients at your school, the number of origination and disbursement records that were accepted, corrected, or rejected, and, for certain edit codes, the number of times you received that edit code on an acknowledgment.

Your school's software should allow you to generate the information you need to reconcile your records with the Department's records. For example, you may be able to automatically compare you records to the Year-to-Date record to get a list of students who have differing disbursement amounts in the two sets of records. You should consult the documentation for your software for more information on the uses of Year-to-Date data.

Electronic Statement of Account

The ESOA summarizes the status of your school's spending authorization versus the amount you have expended to date for the award year. There are two ways you can receive an ESOA:

1) The Pell Processor automatically generates an ESOA

2) You can send requests electronically for ESOAs. Send your requests via the SAIG.

When the Pell processor has accepted enough disbursements to exceed their authorization level, it automatically generates a new ESOA to the school. For advance funded schools the CPS only generates an ESOA when the authorization level is exceeded or decreased; it is not generated each time a disbursement is accepted. However, if a school is Just-in-Time funded, to assist with the short JIT business cycle and to account for the fact that JIT schools do not begin with an initial authorization and their funding is on a per

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student basis, an ESOA is produced each time a disbursement batch with accepted records is processed. ESOAs are sent as PGAS record from the CPS with a header and trailer record to your SAIG mailbox.

Reconciliation File

To assist schools in their end of award year reconciliation, FSA makes available a Pell Reconciliation tool to all schools participating in the Federal Pell Grant program. This file should be particularly useful to schools that use third party or "home-grown" software that may not provide extensive reconciliation tools, but it may also be of use to those schools using EDExpress. You can request the reconciliation file through EDExpress or the COD website. Information on the reconciliation tool for the 2002-2003 award year will be posted to IFAP in late July/early August 2002.

REQUESTING FUNDS FROM GAPS

As mentioned in the beginning of this chapter, COD tracks your school's need for Pell funds during the award year at a recipient level and adjusts Pell authorizations accordingly. When your school requests Pell Grant or other funds from the Department, that request is handled by a different system called the Grant Administration and Payment System (GAPS).

Electronic Financial Interfaces

Most postsecondary schools (except state institutions) that participate in the FSA Programs use the Automated Clearinghouse/ Electronic Funds Transfer system, which is essentially a direct deposit system.

A second method for requesting funds from EDCAPS/GAPS is through FEDWIRE. Most state institutions use FEDWIRE. Under this method, requests for funds go directly to EDCAPS/GAPS.

If you're responsible for your school's fiscal office activities, you should refer to the GAPS *User's Guide* (available at http://e-grants.ed.gov/ once you have logged into GAPS) and to the current edition of the FSA *Blue Book* (available on IFAP).

Administrative Cost Allowance

Your school is entitled to an administrative cost allowance (ACA) to help offset the costs of administering the Pell Grant Program. The Department will notify your school of the amount of its ACA several times a year, and pay it automatically by EFT. You don't need to request the ACA.

A school receives $5 for each of its reported Pell recipients. Students who later withdraw are included in the number of recipients, as are transfer students, but those whose disbursement records are

rejected by COD aren't included. The ACA must be used only to help pay the costs of administering the Federal Pell Grant Program and the campus-based programs (see the *FSA Handbook: Campus-Based Programs Volumes*). If your school enrolls a significant number of less-than-full-time or independent students, it's required to use a reasonable proportion of the ACA to assure that financial aid services are available to those students.

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Disbursing Pell Awards

CHAPTER 4

*This chapter explains how and when Pell Grant payments can be made. A school must pay **any** student who is eligible (including less-than-half-time students), and must make payments for **all** eligible periods of enrollment (including remaining eligibility for students in summer school terms).*

GENERAL FSA REQUIREMENTS

The cash management regulations provide uniform rules for disbursing and managing funds for all programs (see the *FSA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information). There are also some Pell-specific disbursement rules that we'll discuss in this chapter.

Methods of Disbursement

There are several ways a school can pay a Pell Grant to a student. The school can:

- credit the student's account for any outstanding education expenses, or
- pay the student directly by check or EFT, or cash dispensed to the student for which the school gets a signed receipt.

The school must have authorization from the student to pay him or her by EFT (see *Institutional Eligibility and Participation [Volume 2]* for more about this requirement). Usually, a school will use the Pell funds to credit the student's account for any unpaid charges for tuition and fees (and room and board, if provided by the school), and then will pay the remaining Pell funds (if any) to the student for remaining living expenses.

Limitations on credit to account

The school can use a student's Pell Grant to pay charges for tuition, fees, and room and board without the student's permission. The school may apply Pell Grant funds to other educational expenses besides tuition and fees or room and board provided by the school only if the student gives written authorization. As with any FSA funds, payments can be made only for education expenses.[10] If a credit balance remains after the Pell Grant is credited to the student's account, the balance must be returned to the student unless the

Cash Management Cite
34 CFR 668, Subpart K

Credit to Account Cite
34 CFR 668.164(d)

Direct Disbursement Cite
34 CFR 668.164(c)

10. Pell Grant funds can't be used to repay a student's loan. Loan payments aren't considered an education expense.

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student provides written authorization for the school to hold the funds. (See *Institutional Eligibility and Participation [Volume 2]* for more on authorizations and credit balances.)

Early Payment Cite
34 CFR 668.164(f)

Early Payment Option

A school can pay a student before the beginning of a payment period if the student's already registered for that payment period. The earliest a school can disburse a Pell Grant is 10 days before the first day of classes in the payment period. Remember that in a clock-hour program or a nonterm or nonstandard term credit-hour program, the school can't pay a student until he or she has completed the coursework for the previous payment period (see Ch. 2 of this volume).

If the school disburses the Pell funds before the payment period begins, but the student never actually begins attending any classes, the school must return the money to the Federal Pell Grant account. If the student begins attending some but not all of his or her classes, the school may have to recalculate the award—see Ch. 5 of this volume.

Notification Cite
34 CFR 668.165(a)(1)

Notification of Payment

The school must notify the student of the amount he or she will be paid and the method of payment (by credit to the student's account or directly to the student). If the school will be paying the student by check, it must tell the student when the check will be available and where to go to pick it up. (It's helpful to include the cashier's office hours in any notification.)

Late Disbursements Cite
34 CFR 668.164(g)

Late Disbursements

Ordinarily, a student who has lost his or her Pell eligibility before receiving a disbursement can't be paid. However, in some cases a school can pay a student if it received the student's valid output document while the student was eligible for payment, but the student lost eligibility before his or her account was credited or he or she received a payment. The school must have received the student's valid output document before the student became ineligible, and can only pay the student if the funds are used to pay educational costs incurred while the student was enrolled and eligible. Also, the student must be ineligible solely because he or she is no longer enrolled. Finally, the school must make the disbursement within 90 days after the student becomes ineligible. A late Pell disbursement can be made by crediting it to the student's account to cover institutional charges or by paying it directly to the student (in cash or by check or EFT) for noninstitutional costs, such as living expenses. (See *Institutional Eligibility and Participation [Volume 2]* for more information on late disbursements.)

Late Disbursement Example
Jenna enrolls at Hart University. She submits a valid SAR during the second week of classes and is eligible for payment at that time. But by the time the check is processed for her and she has been notified to pick it up, she has withdrawn from school.

Hart can pay Jenna if it makes the disbursement within 90 days of her withdrawal. The aid administrator at Hart must first determine what aid remains that Jenna earned for the enrollment period (that is, what aid hasn't been paid to Jenna).

Reviewing Eligibility Before Payment Cite
34 CFR 668.32, 34 CFR 690.75

REVIEWING STUDENT ELIGIBILITY

The school must review the student's eligibility at the time it's going to make a payment. For instance, a student might have been making satisfactory academic progress when award letters were mailed in the spring term, but no longer be making progress when he or she comes

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to the business office for payment at the beginning of the fall term. The school must make sure the student still meets the eligibility requirements for the Pell Grant (as discussed in Chapter 1 of this volume), and that the appropriate documentation is kept.

The school is liable for incorrect payments made to the student because of a mistake by the school. The financial aid administrator is subject to a $10,000 fine, a prison sentence, or both if he or she knowingly makes false or misleading statements.

FIRST PAYMENT OPTIONS

Valid Output Document Requirement Cite
34 CFR 690.61

In general, the school can't make a disbursement to the student until it has a valid output document. If the student needs to make corrections to his or her data, or the financial aid administrator wishes to use professional judgment to adjust the student's data, the student must submit the SAR for reprocessing (using Part 2) or the school must make the changes through EDE and receive the new output document before making a disbursement. See the *Application and Verification Guide*, Chapter 4, for more information on when the student's data must be reprocessed.

Verification Exception

Verification Interim Disbursement Cite
34 CFR 668.58

The school can make an interim disbursement to a student who is selected for verification (including a student selected for verification by the school rather than the CPS). The school doesn't need to have a valid output document to make such a disbursement. See the *Application and Verification Guide*, Chapter 3, for more details.

TIMING OF PAYMENTS

Timing of Payments Cite
34 CFR 690.76(a)

The school can use its discretion in disbursing funds within a payment period to best meet a student's needs. For instance, some schools pay students on the first day of class in a payment period, while others wait until the end of the add/drop period. Other schools pay students in monthly installments to help meet living expenses throughout the payment period. (Note that if the school rations payments to students by crediting the entire payment for the payment period to the student's account and making periodic payments to the student from these funds, it must have the student's written authorization.) In all cases, however, the full amount due the student for a payment period must be disbursed to the student before the end of the payment period.

Retroactive Payment

Retroactive Payment Cite
34 CFR 690.76(b)

The school can pay a student retroactively for any completed payment periods within the award year if the student was eligible for payment in those periods. Thus, if the school receives a valid output document for the student while he or she is enrolled as an eligible student in the summer term, but the student was also enrolled and eligible for payment in the previous fall term, that student must be paid retroactively for the fall term. However, the fall payment would be

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based on the hours **completed** by the student for that term. If the student had enrolled full time at the beginning of the fall term but dropped to half-time status by the end of the term, the retroactive payment must be based on half-time status.

A school can make any retroactive payments in one lump sum to decrease the administrative workload.

Releasing a Check Cite
34 CFR 690.78(c)

Releasing a Check Later

If the student doesn't pick up the check on time, the school must still make the check available to the student for 20 days after the student's last day of enrollment for that award year. (Instead of holding the check for that period, the school can cancel the first check and issue a new check when the student requests payment.)

Releasing a Check Example
Eileen attends the fall term at Ivers Community College. Ivers credits Eileen's account for tuition and fees early in the term and sends a letter to her to notify her of the payment, and to tell her to pick up a check for the remainder of the grant. However, at the end of the term, Eileen still hasn't picked up the check.

Ivers ***must*** *release the check to Eileen if she claims it within 20 days after the end of the fall term. If she withdraws from school but enrolls again later in the award year, Ivers must again make the payment for fall living expenses available to her.*

If the student hasn't picked up the check at the end of the 20-day period, the school can credit the student's account **only** for outstanding charges for tuition and fees and room and board for the award year. If the student contacts the school to request the check more than 20 days after the student's last day of enrollment, the school can pay the student through the next payment period (if it chooses) even though the student's no longer enrolled. The school can mail the check to the student rather than waiting for him or her to return and pick it up.

Payments to students who have completed a program

If there's a delay in a school receiving its Pell funds, some students could complete their program or academic year before receiving their final Pell payments. If this happens, as soon as the school receives its funds, it must pay any student for whom it received a valid output document. Even though these students would receive their payments late, no regulations would be violated given that the students had previously met all the requirements for payment. See late disbursement in this chapter.

STUDENTS WHO WITHDRAW AND LATER RETURN

If a student withdraws during a payment period, the school might need to return Pell funds to the Department if the student has not earned a portion of his or her Pell Grant (see *Institutional Eligibility and Participation [Volume 2]*, Chapter 6: Return of Title IV Funds). If the same student later re-enrolls to school, there can be some restrictions on further Pell payments the student can receive.

Paying Refunded Amount Example
Sarven Technical Institute pays Kerr a Pell disbursement of $500 for the first of three payment periods in a clock hour program. Kerr then withdraws in that payment period. Sarven performs a return of Title IV funds calculation and returns $400 to the Pell account. If Kerr re-enrolls in the same award year, he must be paid the $400 when he re-enrolls in the program. When he completes the hours in the first payment period, he'll be eligible for the Pell disbursement for the next payment period.

Paying Returned Amount

A student who withdraws but re-enrolls in the program in the same award year can be paid the Pell Grant amount that was returned to the Pell Grant account.

Retaking Hours and Courses

In general, students at term-based credit-hour schools can receive Pell funds for retaking coursework. The situation is more complicated at clock-hour or nonterm credit-hour schools. If a student withdraws

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from a clock-hour program or nonterm credit-hour program but re-enrolls in the same award year, or in the subsequent award year, the student will be held accountable for the remaining clock or credit hours in the payment period before the next disbursement of the Pell Grant can be made. However, in the case of a student who re-enrolls two years after withdrawing, the school can pay the student without waiting until the student has completed the hours from the previous period of enrollment.

If the student receives his or her Scheduled Award for a clock-hour program, completes the entire program, and later decides to retake the program, the student could again be paid for the entire program.

Being Paid for Retaking Classes
Cite
690.75(a)(3)

The difference in the treatment of a student at a clock-hour or nonterm credit-hour school versus a term-based credit-hour school is that at a term-based credit-hour school, a student can be paid to repeat a course and doesn't necessarily have to complete the program before he or she can be paid for that course. Generally, at a clock-hour or nonterm credit-hour school, the student can be paid again for clock hours or credit hours that he or she has already completed at that school only if he or she has completed a program and re-enrolls to take that program again or to take another program.

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Recalculations and Overpayments

CHAPTER 5

The student's circumstances can change after the award has been calculated and paid. The school may also discover after paying the student that the student received more than he or she was eligible for. In this chapter, we discuss when a school is required to recalculate an award, and what the school does about overpayments.

RECALCULATIONS

Recalculation for EFC Change Cite
34 CFR 690.80(a)

The Pell award may have to be recalculated if the student's information changes after the initial calculation or disbursement. Of the significant factors that go into calculating a Pell award, the three that are most likely to change are the EFC, enrollment status, and COA.

Change in the EFC

A student's EFC may change during the award year for three reasons:

1. *Corrections.* The student may have to correct an error on the original FAFSA or on an output document. This frequently occurs as a result of verification, but it may also be a result of the student s own review of his or her data. If the student has already been paid based on the original EFC, the award will have to be recalculated.

2. *Updating.* Some students must update certain items, such as dependency status, household size, and the number in college (see the *FSA Handbook: Student Eligibility [Volume 1]* for details).

3. *Professional judgment.* The aid administrator may, on a case-by-case basis, adjust one or more of the data elements used to calculate the EFC. The aid administrator may need to adjust the data elements during the award year to reflect a student's changed circumstances. For example, if a wage-earning parent dies after the student's first semester, the aid administrator could adjust the adjusted gross income in the EFC formula to reflect the loss of income.

If the new EFC would change the amount of the Pell award, the school must recalculate the Pell award for the entire award year. If, as a result of the recalculation, the student has received more than his or her award amount, then the student has received an overpayment. In some cases, the school can adjust an award by reducing or canceling

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later payments to the student in the same award year. See "Overpayment" in this chapter for more information on handling overpayments.

Valid output document

If the school receives an output document with an EFC different from the one used for the payment calculation, the school must first decide which document is valid. If the new information is the valid information, in most cases the school must recalculate the student's Pell award for the entire award year based on the new EFC.

Verification Exception Cite
34 CFR 668.60(c)(1)

Verification exception

A student selected for verification can't **increase** his or her eligibility if the school obtains the corrected output document during the "verification extension" period (90 days after the student's last day of enrollment, not to extend beyond September 3 following the end of the award year). For example, if the student submits a reprocessed SAR during the extension period and the SAR has a lower EFC than the previous SAR (increasing the student's eligibility), recalculation is **not** permitted. The student would be paid based on the **higher** EFC on the SAR that was submitted earlier. However, if the corrections **reduce** the student's eligibility (that is, if the reprocessed SAR had a higher EFC), then the award must be calculated based on the reprocessed SAR.

Recalculation for Enrollment Status Change Cite
34 CFR 690.80(b)

Change in Enrollment Status

Pell Grant payments to students in clock-hour programs and programs without terms are always based on the full-time Payment Schedule; therefore, no recalculation is necessary for changes in the hours taken by students in these programs.

Required Recalculation Example
Edmund registers for a full-time course load (15 credit hours), and Hart University calculates his Pell Grant based on full-time enrollment. Hart disburses Edmund's Pell 10 days before the term starts. When the term starts, Edmund only begins attendance in three classes (9 credit hours). Hart needs to recalculate Edmund's Pell award based on the lower enrollment status. Any difference between the amount Edmund received and his new recalculated award is an overpayment (see "Overpayment," in this chapter for information on handling overpayments).

Required recalculation

In a term program that uses credit hours, a school must calculate a student's payment for each term based on the enrollment status and length of enrollment for that term. If a student attended full time for the first term and then enrolled half time in the second term, the school must use the half-time enrollment status to adjust the student's payment for the second term. In addition, if the student doesn't begin attendance in **all** of his or her classes, the school **must** recalculate the student's award based on the lower enrollment status.

A student is considered to have begun attendance in all of his or her classes if the student attends at least one day of class for each course in which that student's enrollment status was determined for Federal Pell Grant eligibility. A school must have procedures in place to know whether a student has begun attendance in all classes for purposes of the Federal Pell Grant Program. The Department does not dictate the method a school uses to document that a student has begun attendance. However, a student is considered not to have begun attendance in any class in which the school is unable to document that attendance.

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Optional recalculation

The regulations don't require any recalculation for changes in enrollment status after the student has begun attendance in all of his or her classes. However, the school can have a policy of recalculating an award if a student's enrollment status changes at any time within a term. If such a policy is established, it must be applied consistently to all students: If the school chooses to recalculate for a student who changes from half time to full time, it must also recalculate for a student whose enrollment status decreases. If the school establishes a policy allowing optional recalculations, this policy must be in writing.

A school can include as part of its policy that it will recalculate a student's award only when the change in enrollment status occurs before a specific date in the payment period. For example, a school can establish a policy that it will recalculate Pell awards only for enrollment changes that occur up to the "add/drop" date of a term. A school isn't required to establish such a date; it may continue to have a policy under which it recalculates for changes throughout the entire term, or may continue to perform only the required recalculations.

Payment when enrollment changes within a term

If a school doesn't establish a policy for recalculation within a term, a student who begins attendance in all classes would be paid based on the initial calculation, even if his or her enrollment status changes before the payment is made. However, if the school doesn't have a valid output document until after the enrollment status change, the payment amount is based on the enrollment status at the time the output document was received by the school.

A more drastic change in enrollment status, when the student withdraws from school completely, is discussed in Chapter 6 of the *FSA Handbook: Institutional Eligibility and Participation (Volume 2).*

Enrollment Change within Payment Period Example

Emma registers full time at Woodhouse College, submits a SAR, and begins attending all of her classes. Woodhouse calculates a full-time award but, by the time Emma comes to pick up the check, she's dropped to half-time enrollment. Depending on the school's recalculation policy, Emma may still paid based on full-time enrollment, and as long as she's still otherwise eligible for the payment. On the other hand, if Woodhouse didn't receive a valid output document for Emma until after she'd dropped to half-time enrollment, the Pell calculation would be based on her enrollment status at the time the output document was received (half time).

Change in Cost of Attendance

Schools aren't required to recalculate Pell awards for COA changes during the award year. However, if the school recalculates Pell awards for a change in enrollment status, it **must also** take into account any changes in the COA at that time. For example, if a student enrolls full time for the first semester and then drops to less-than-half time during that semester, the student's COA will change, because only certain cost components are allowed for less-than-half-time students. If it's the school's policy to recalculate for the enrollment change, it must use the cost for a less-than-half-time student **for a full year** to calculate the student's less-than-half-time award. The school can't combine the two costs or average them.

COA changes between payment periods

A school may, but is not required to have a policy of recalculating awards when the COA changes from one payment period to the next—for example, because of changes to the student's tuition and fee costs, or because the student's living situation changes (such as when the student moves off campus). A school can recalculate

Recalculation for COA Change Cite

34 CFR 690.80(c)

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Pell awards for cost changes within the award year, as long as the recalculation policy is carried out for all students whose costs change.

COA changes within a payment period

Schools also have the option to establish a policy to recalculate financial aid awards when a student's costs change **within** a payment period. For instance, if a student with no dependents moves from a dormitory to off-campus housing at midterm, the school may wish to recalculate the student's award for that payment period. Again, for Pell purposes, such a policy is acceptable if it's carried out for all students whose costs change within the payment period. Note that a school can establish a policy of recalculating for cost changes from one payment period to the next, and at the same time, have a policy not to recalculate for cost changes **within** a payment period.

The school can't recalculate the payment for a payment period that took place **before** the cost change. For instance, in the example above, if the student lives in the dormitory during the first quarter and then moves off campus for the second and third quarters, the recalculation would only affect the payments for the second and third quarters.

OVERPAYMENTS

Liability for Overpayment Cite
34 CFR 690.79(a)

A Pell overpayment occurs any time the student receives a payment that's greater than the amount for which the student is eligible. Most overpayments are due to one of the following:

- Student error, such as failing to report the spouse's income on the application, or failing to report attendance and financial aid received at a previous school.

- School error, for instance, when a student's award is taken incorrectly from the Payment Schedule, or when the school pays a student who isn't making satisfactory progress.

- Required recalculations, such as when a student never begins attending class or does not begin attending all of his or her classes, or withdraws from school after receiving a disbursement for living expenses. (See "Recalculations," earlier in this chapter, and Chapter 6 of the *FSA Handbook: Institutional Eligibility and Participation [Volume 2].*)

- Optional payments, for instance, when the school makes an interim disbursement to a student selected for verification, but the student never completes verification.

No matter what the reason for the overpayment, it must be repaid. If the overpayment is the result of a school error or an optional payment, the school must repay the Federal Pell Grant account whether or not it succeeds in collecting the overpayment from the student. Note that a school can't reduce a student's Pell award from the current award year to eliminate a Pell overpayment from a

previous award year. For example, if a student received an overpayment in 2001-2002, a school can't reduce any portion of the student's 2002-2003 Pell award to eliminate the overpayment. Chapter 8 of the *FSA Handbook: Student Eligibility* (Volume 1) has a more detailed and comprehensive discussion of overpayments, but there are some factors that are only relevant to the Pell Grant program, which we'll discuss here.

Reporting Overpayments Collected

If a school collects or repays an overpayment for the current award year, it reports the decrease in the student's award to COD using its normal reporting method (see Chapter 3 of this volume for information on how to report decreased awards). The school can also use COD to report a decreased award after the general disbursement record submission deadline; for the 2002-2003 award year, decreased award reports will be processed at least through September 30, 2008.

Overpayments from previous award years

If a student repays a Pell overpayment for a prior award year, the school must deposit the funds in its institutional federal funds or Pell account and report the decrease in the student's award to COD. The funds can then be used for current year disbursements. See Chapter 3 of this volume for more information on reporting decreased awards.

Reporting and Referring Overpayments

A school is required to report any unresolved overpayments to NSLDS within 30 days of learning of the overpayment. See the *FSA Handbook: Student Eligibility (Volume 1),* Chapter 3 for more on this reporting requirement.

The school must notify the Department's Debt Collection Service (DCS) if it doesn't establish a satisfactory repayment arrangement with the student. The school can choose to refer all Pell overpayments to the DCS or it can repay overpayments for its students and establish its own satisfactory repayment arrangement with the students. If the school is unable to eliminate an overpayment that isn't the school's fault, the school must refer the student's case to DCS for collection. More information about the referral process is in the *FSA Handbook: Student Eligibility (Volume 1), chapter 3.*

PREVENTING OVERAWARDS

An overaward is an amount that exceeds the student's financial need. The Pell Grant is regarded as the first source of assistance to the student and thus isn't adjusted to take into account other aid, even if the student's combined aid package exceeds the student's need.

Resources and Estimated Financial Assistance

To help prevent overawards, an estimate of the student's Pell eligibility is included as a resource in determining campus-based aid or estimated financial assistance in determining Stafford or Direct Loan amounts. The sum of the student's EFC, Pell, campus-based aid, FFEL

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or Direct Loans, and any other aid and resources can't exceed the student's COA. The school may need to reduce aid it controls (other than the Pell Grant) if it discovers the student might otherwise receive an overaward. (See the *FSA Handbook: Student Eligibility [Volume 1].*) If the student's aid package includes a loan and the package must be adjusted to prevent an overaward, the Pell funds can't be used to pay back the loan—a loan repayment isn't an educational expense.

Pell Rules for NCAA Student Athletes

The National Collegiate Athletic Association (NCAA) has rules limiting the amount of aid student athletes may receive, but these rules may not limit Pell Grant funds. Student athletes must receive the full amount of any Pell Grant for which they are eligible. If the student's potential aid plus the student's Pell Grant exceeds the NCAA limits, the school must reduce any aid over which it has control (for example athletic scholarships), **not** the Pell Grant.

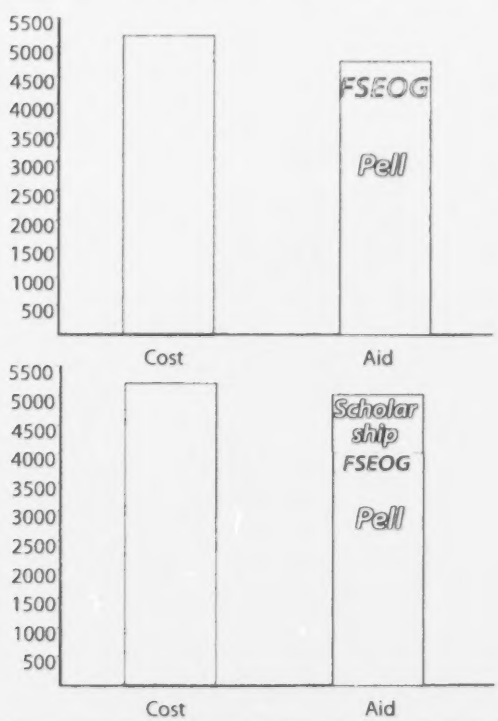
Overaward Example

Bill is awarded a $3,750 Federal Pell Grant and a $1,000 FSEOG to attend Kaler Junior College and enrolls in the fall term. His annual cost of attendance is $5,100.

The total aid awarded is $4,750, well within Bill's need.

However, the school learns later in the term that Bill will receive a $1,000 art scholarship from a foundation outside the school. The scholarship isn't reduced if the student receives other aid.

The school must reduce Bill's FSEOG to prevent an overaward. (Otherwise, his total aid, $5,750, would exceed his cost of attendance [$5,100] by $650.) The FSEOG award must be reduced by $650, to $350.



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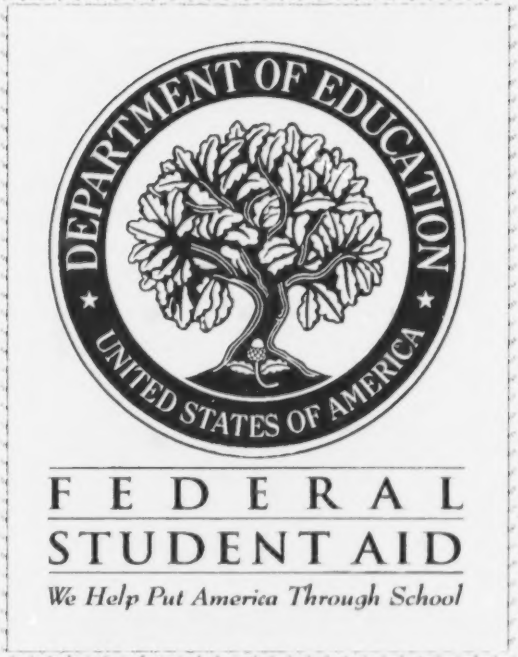

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